

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

AUGUST 1947



Bankers Study Housing from the Cellar Up (page 28)

"Round Trip" Foreign Loans

(page 25)



“It broadens our horizons”

Yes, the Bank and Agent Auto Plan broadens a bank's horizons — in *three* ways. To the bank's own new-business facilities, it adds the concerted efforts of insurance salesmen. It produces more business from present bank customers, who may have thought it easier to finance through a dealer. It is a steady source of desirable *new* customers, many of whom are already on the books of local agents.

Day by day, co-operating insurance agents call on the type of men you will be glad to have as customers. Whenever the conversation uncovers interest in a new car, they sell the services of co-operating banks. The Bank and Agent Auto Plan has proved its ability to produce a growing volume of desirable loans. It has gained ready acceptance by bankers, insurance men and their customers.

ÆTNA CASUALTY AND SURETY COMPANY

Affiliated with Ætna Life Insurance Company

AUTOMOBILE INSURANCE COMPANY • STANDARD FIRE INSURANCE COMPANY

HARTFORD



CONNECTICUT

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



THE AUGUST COVER

Mortgage officer students view first experiment in "engineered housing" (see page 28). Left to right, Fabian O. Ducharme, First National Bank of Glens Falls, N. Y.; L. A. Hessing, Central National Bank & Trust Co., Peoria, Ill.; James T. Lendrum, associate coordinator, Small Homes Council, U. of I.; Albert H. Marvin, Park National Bank, Kansas City, Mo.; George J. Weldon, Oak Park (Ill.) Trust & Savings Bank. The man kneeling in the background, beside the pile of earth, is the timekeeper, whose duties require that an accurate record be kept of each construction operation

Editor **WILLIAM R. KUHN**

Associate Editors

WILLIAM P. BOGIE **JOHN L. COOLEY**

Assistant to the Editor **MARY B. LEACH**

Assistant Editor **RUTH O'NEILL**

Business Manager **JOHN J. ROONEY**

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CHECK ON YOUR CHECKS

Do they have a smooth, easy-writing surface?

Are they protected against alteration by eraser, chemical and knife?

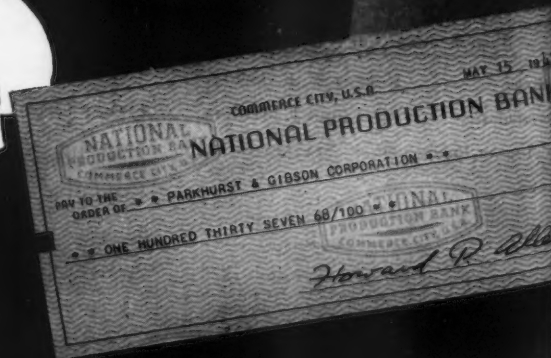
Do they create an impression of quality and stability?

In a word—are they on *La Monte Safety Paper*?

For Samples of La Monte Safety Paper see your Lithographer or Printer—or write us direct.

La Monte **SAFETY PAPER FOR CHECKS**

GEORGE LAMONTE & SON, NUTLEY, NEW JERSEY



Just a minute

Burgess on U. S. Lending

ONE of the three committees appointed by President TRUMAN to study the relationship of this country's foreign aid program to the domestic economy is a non-partisan group which, after determining the facts as to what resources can be made available to other nations, will advise the President "on the limits within which the United States may safely and wisely plan to extend such assistance, and on the relations between this assistance and the domestic economy." (The quotes are from Mr. TRUMAN's statement.)

W. RANDOLPH BURGESS, vice-chairman of the board of The National City Bank of New York, represents finance on the committee. The former president of the American Bankers Association attended the recent congress of International Chambers of Commerce at Montreux, Switzerland, and visited several foreign cities during the course of his sojourn abroad.

Mr. BURGESS, an outstanding authority on world financial and economic problems, touched on America's foreign lending policy during addresses at Montreux and at a meeting of the American Chamber of Commerce in London. BANKING felt that his remarks on this subject were of unusual interest, particularly in view of his appointment

to the presidential committee, and presents an abridgment of them in this issue.

You're Welcome, Mr. Secretary

PRESIDENT BILL BAILEY of the American Bankers Association received this letter from Secretary of the Treasury JOHN W. SNYDER:

"I am deeply grateful to you and your associates in the American Bankers Association for the fine work that you have done in helping to advance our Savings Bond program.

"The response has been highly satisfactory, and I shall appreciate your conveying to your organization my warm thanks."

Savings Bonds As Small Business Reserves

A BANKER in Mississippi told a Treasury official that every business firm with an account in his bank had a reserve in United States Savings Bonds. Most of these backlogs, said the banker, were large enough to put the firm in a position to weather any price recession that seemed likely to occur.

This little story is passed along by ROBERT M. HANES, chairman of the A.B.A. Small Business Credit Commission and president of the Wachovia Bank & Trust Company, Winston-Salem, in his August BANKING article, "Building Small Business Reserves." Mr. HANES' idea is that the Bond-a-Month Plan "can be most helpful in building up reserves that will make small business enterprises better credit

"Why, it's Mr. Perkins from the bank! John, ask him about that loan!"



August 1947

Promoting your interests



in
AUSTRALIA, NEW ZEALAND,
FIJI, PAPUA and NEW GUINEA

Your interests in these countries will be best promoted if you use the comprehensive correspondent facilities provided through over 650 branches and agencies there by—

BANK OF NEW SOUTH WALES

Address enquiries to—
British & Foreign Department
Sydney, Australia.

THE Credit Life

INSURANCE COMPANY

JOHN F. HOLLENBECK, PRESIDENT

HOME OFFICE
SPRINGFIELD, OHIO



CONSUMER CREDIT INSURANCE



The Pioneer Independent
Company . . . Exclusive
Specialization since 1926
Operating Coast to Coast

Insurance on the Dollar... in favor of the Creditors

CANADIAN-AMERICAN *Commerce*

Good neighbors in business as well as in social relations, Canadians and Americans for more than a century have carried on ever-increasing trade across a free and peaceful border.

The Bank of Montreal has been a consistently growing factor in that inter-nation trade. Beginning in 1817 with one office and a staff of seven, the Bank has grown steadily and has kept pace with Canada's needs and with Canadian-American commerce.

Today the Bank offers to Americans dealing with Canadians a nationwide, modern banking service with a network of branches covering the Dominion.

Our assets are more than \$1,700,-



000,000, and we safeguard over a million deposit accounts of customers.

Our services include credit and market information, deposit and loaning facilities, commercial credits, collections and payments, assistance on the intricacies of foreign exchange, and special wire connections to speed transactions.

Inquire at one of our American Offices or at the Head Office, Montreal.

NEW YORK: 64 Wall Street

CHICAGO: 27 South LaSalle St.

SAN FRANCISCO: 333 California St.

HEAD OFFICE—MONTREAL

Branches throughout Canada and Newfoundland

BANK OF MONTREAL

ESTABLISHED 1817

—SPECIALISTS IN—

United States Government Securities



State and Municipal Bonds



C. J. DEVINE & CO. INC.

48 Wall Street, New York 5

HA 2-2727

Chicago • Boston • Philadelphia • Pittsburgh • Cleveland
Cincinnati • St. Louis • San Francisco

Direct Wires to all Offices



"My husband has an account here. May we come in and cool off?"

risks and fortify them against a price recession."

He thinks the time has come when the policy of plowing back profits into inventory or plant expansion must be modified. "The risks of being caught with topheavy inventory are building up fast, as any banker knows." Regular investment in Savings Bonds provides riskless, liquid employment for dollars that otherwise might get into difficulties.

"What It Takes"

Two Texas bankers have written their comment on LEROY LEWIS' article, "What It Takes To Be a Banker," published in our June Education Issue. Mr. LEWIS, associate educational director of the American Institute of Banking, summarized the replies to a questionnaire BANKING sent to bank personnel officers asking their views as to the qualifications and characteristics that contribute to successful careers in banking. The personnel men stressed integrity, personality, mental alertness, initiative, neatness and cooperation as prerequisites to employment, and mentioned cooperation, application, aptitude and capacity for responsibility as essential to success.

B. W. BREWER, assistant cashier of The National Bank of Commerce, Houston, thought the article "should be printed in pamphlet form and distributed to all bank personnel throughout the United States that assumes any responsibility or seriousness of attitude toward the profession of banking."

"And of course," he added, "every active A.I.B. chapter officer and na-

(CONTINUED ON PAGE 6)

BANKING



TOOLS FOR HOLLAND

To the enterprising manufacturer "*business is where you find it.*"

Holland needs tools . . . a British mill wants cotton . . . the Swedish company calls for American oil. So it goes around the world — business opportunity.

Enlightened banking is the link that joins supply and demand — opportunity and fulfillment.

From the beginning of the transaction, the bank's Foreign Department can serve.

Reliable information on foreign firms' credit standing and local conditions may come from the bank.

Later, a loan may enter the picture. And finally, the collection of payments and conversion to dollars is in the bank's province.

Thus the businessman and his bank stand shoulder to shoulder in finding markets and making the most of them.

THE PHILADELPHIA NATIONAL BANK

Organized 1803

PHILADELPHIA 1, PA.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

FRONT ROW

We're in a front row position to give you and your customers timely information about New York State business. Through our affiliation with other Marine Midland banks we are in daily contact with local conditions in 46 New York State communities.

Member of Federal Deposit Insurance
Corporation



MARINE TRUST COMPANY

Buffalo's Oldest and Largest Commercial Bank

GET CHECKBOOKS HERE

Suppose, instead of being a banker, you were simply a depositor. Here you are walking down the street and, as you pass your bank, it occurs to you that you need a new checkbook. So you drop in and prepare to stand in line behind a lot of people who are making deposits. BUT, just as you're ready to step into line, you see a nice big sign that says "GET CHECKBOOKS HERE." That's plain enough! Therefore you approach that point and there you find a pleasant person who has charge of the "check department."

He or she, as the case may be, suggests to you that, instead of using the conventional checkbook the bank has always supplied, you start using checks which are numbered and which bear your printed name and address. Here also is a nice cover with your name stamped in gold. And the whole box, including 200 checks, is only \$1.25. Or, if you want a three-on-a-page business checkbook, here is a wide selection of styles and colors which will cost you only \$2.75 for 500. Or perhaps you want a smaller

three-on-a-page book for home use. If so, you can have an equally good selection of colors at an equally low price.

Now do you buy? You do, because it's something you've always wanted. Your bank check is a pretty important piece of paper to you. It's your own personal currency and now you can have it truly personalized at a cost so low it isn't worth considering. And you feel relaxed, too, as you discuss the question, because you're not holding up a lot of people who have other business to transact. So, as you decide on what you want and write out your copy, your checking account takes on new dignity. It becomes more important to you. You feel a little closer to your bank and you experience a little extra glow of friendship as you walk out.

Is this little dramatization somewhat exaggerated, Mr. Banker? Perhaps... but not very much. It's something which can be achieved in more instances than you realize. A nice young lady or a pleasant young man can do a marvelous customer relations job with a "check department". Let's talk about it.

De Luxe
CHECK PRINTERS

Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

JUST A MINUTE—Continued

tional Executive Councilman should memorize its statements!"

That Extra Something

THE other letter was from HAL K. FRANCIS of the National Bank of Commerce, El Paso. He thought the success requirements set forth in the article could be as readily applied to "a bookkeeper, cashier, sales clerk, architect, lawyer, or what have you."

"I can sympathize with the personnel directors responding to BANKING's questionnaire, since during the war years they had to get the job done with help that often lacked several of these qualifications and sometimes all of them. But in fairness to that young man or woman who is considering banking as a career, let us point out what in my opinion is the No. 1 requirement for being a banker.

"What is that extra something that makes bankers what they advertise themselves to be—financial counselors, advisers and lenders? It is, first of all, an honest liking for, interest in and understanding of *people*, their problems and their ambitions, their qualities and their failings, plus a trained financial mind and the general requirements enumerated above.

"Being engaged in consumer credit work, with its very close customer contact, I am perhaps over-conscious of a need for aptitude, education and training in customer relations. Still, I can't help but believe that the ability of a bank employee understandingly and sincerely to *serve* the customer, whether that employee be the president, (CONTINUED ON PAGE 11)

"Always stand to one side Friday nights.
People are leaving for vacation"



BANKING

Most Widely Known— Most Readily Accepted

"... Last month my wife and I took a motor trip South, and I purchased \$1,000 worth of American Express Travelers Cheques.

"Even with these I was somewhat skeptical about getting cash when I needed it, for we had no reservations and did not particularly plan to stay in the larger cities.

"I was amazed at the ease with which your Cheques are cashed. I cashed Cheques in diners, at roadstands, in tourist homes and cabin camps. I cashed some where I was totally unknown.

"It was a revelation to me that the smallest merchant and the biggest department store accepted American Express Travelers Cheques as a matter of course and with never a moment's hesitation ..."

ABOVE is an excerpt from a letter we received recently. If you were to glance through our correspondence files you'd find many unasked-for statements substantially like it.

It's one of many good reasons why we can say American Express Travelers Cheques are the "most widely known, most readily accepted" travel funds.

When you recommend American Express Travelers Cheques you can be confident that clients will be able to use them when they want to—whether in Nome or

Rome, in Cairo, Ill. or Cairo, Egypt.

You can be confident that they will uphold the bank's reputation for the best possible service.

Newspaper mats, counter cards, blotters and literature are now available to assist the profitable promotion of your Travelers Cheque business.

Write W. H. Stetser, Vice President, American Express Company, 65 Broadway, New York 6, N. Y. for folder illustrating this material, and for any further information you may want.

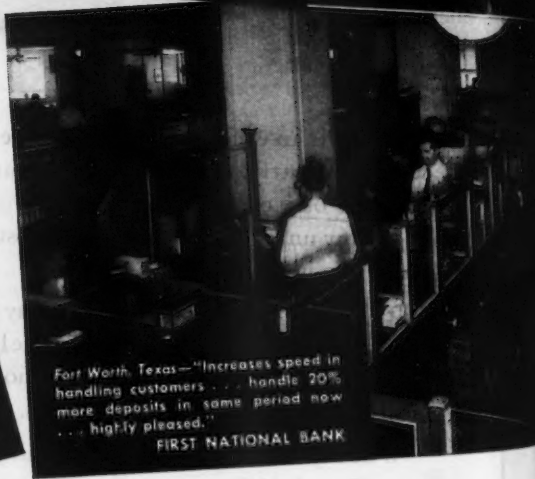
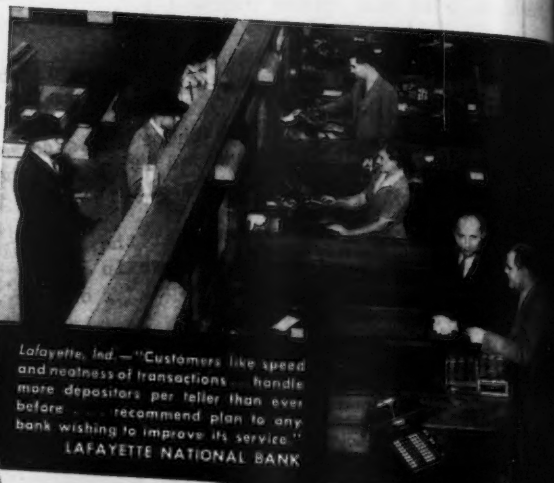


... One of Many Services of American Express, Headquarters for World-Wide Travel Service.

Protect Your Customers—Sell
AMERICAN EXPRESS
Travelers Cheques
most widely known—most readily accepted

ALL OVER AMERICA

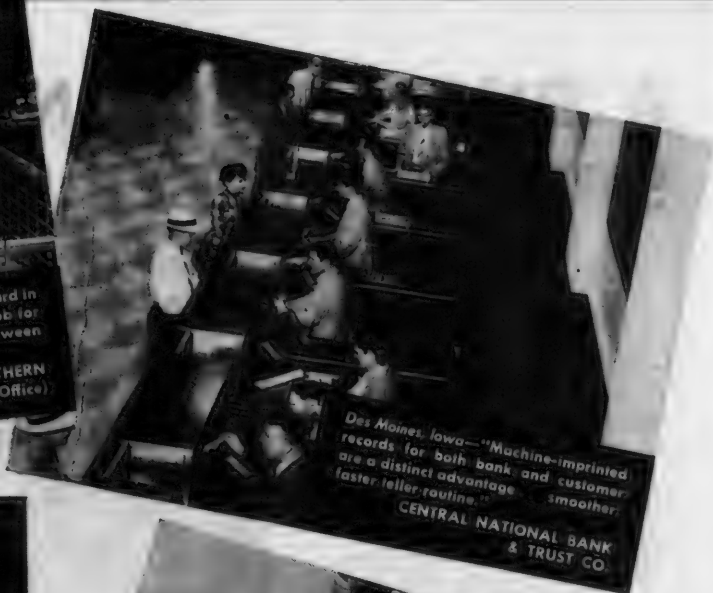
BANKS LARGE AND SMALL ACCLAIM
THIS MODERN, MECHANIZED SERVICE



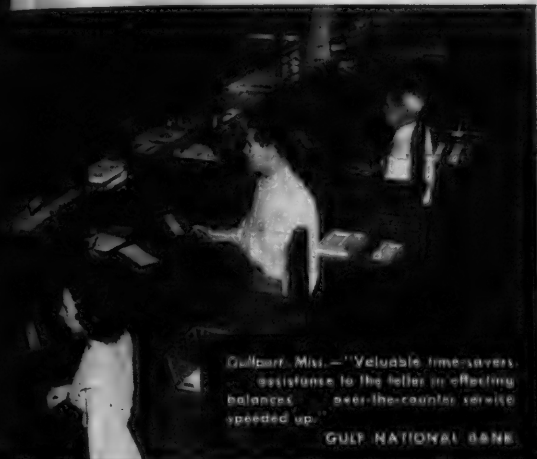
FIGURING, ACCOUNTING, STATISTICAL AND CASH REGISTERING MACHINE



Atlanta, Ga.—"Another step forward in banking... machines doing a job for us speeded up operation between teller and customer."
CITIZENS AND SOUTHERN NATIONAL BANK (10th St. Office)



Des Moines, Iowa—"Machine-imprinted records for both bank and customer are a distinct advantage... faster teller routine... smoother."
CENTRAL NATIONAL BANK & TRUST CO.



Gulfport, Miss.—"Valuable time-savers... assistance to the teller in effecting balances... peer-the-counter service speeded up."
GULF NATIONAL BANK



Seattle, Wash.—"Customers receive better, faster service... depositors appreciate the faster service, the neatness and accuracy, and the official machine-validated receipt."
PACIFIC NATIONAL BANK

Faster, better service for customers—speedier, more accurate accounting for banks—with Burroughs Commercial Teller's Machine

You're going to be talked about when you install Burroughs Commercial Teller's Machines! Customers will praise your improved service and modern methods... the change-over from pass-books to printed, registered deposit receipts... the time they save and the convenience they gain.

Tellers will acclaim the speeding up and simplification of their work... the faster balancing with machine-accumulated cash-in and cash-out totals... the helpful record of transac-

tions kept by this great Burroughs machine.

That's the kind of talking that does you good! Get it started now by asking your nearest Burroughs office for a complete report on this modern, mechanized service. Let your Burroughs representative show you how other banks have gained goodwill and favorable publicity... how easily they've changed over to mechanized service... how the machine handles all types of transactions. Call your Burroughs office today.

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



THE MARK OF SUPERIORITY
IN MODERN BUSINESS MACHINES

NATIONWIDE MAINTENANCE SERVICE • MACHINE SUPPLIES

A BUSY BUILDING IN DALLAS SPEEDS UP ELEVATOR SERVICE

Otis Engineers End Traffic Congestion With Automatic Dispatching, Shorter Round Trips

Lobby congestion ended—waiting time cut by more than half — trips dispatched at regular intervals — these are the results of the elevator modernization in the Medical Arts Building.

DAILY TRAFFIC 19,700 PLUS. A traffic survey by the Otis Elevator Company showed that 19,700 persons entered and left the elevators at the main floor every day. In addition, elevators were used constantly for inter-floor traffic between offices, laboratories and the hospital at the top of the building. Waiting time was excessive, both up and down trips were irregular and full cars often had to bypass waiting passengers. Two banks of elevators, each located in different sections of the building, served all 19 floors.

ENGINEERS MAKE RECOMMENDATIONS. Otis engineers recommended an immediate conversion to modern Peak-Period Control and to high-speed, power-operated doors. They also recommended that one bank of elevators be reserved for local traffic, the other for express travel.

Controls are now arranged so that the scheduling of the elevators is independent of the human element. By simply pressing a button on the lobby control panel, the starter instantly adapts the elevators to changing traffic conditions.

WAITING TIME CUT 42 SECONDS. As a result of proper scheduling and shorter



DALLAS 19-STORY MEDICAL ARTS BUILDING, one of the nation's first structures to combine doctors' and dentists' offices, laboratories and complete hospital facilities under one roof.



PORTION OF LOBBY showing recently-modernized elevator doors. Bronze plaques on doors depict Pasteur, Hippocrates and other immortals of medicine.

round trips, congestion in the lobby has been eliminated and the average interval between cars reduced from 72 seconds to less than 30. Tenants, visitors and owner praise the greatly-improved service.

GOOD SUGGESTION FOR BUILDING OPERATORS. If the elevator efficiency of your building is hampered by inadequate dispatching methods or out-

dated equipment, why not let a trained Otis modernization expert help you, too? His experience and services are yours at no obligation . . . just call your nearby Otis office.

OTIS ELEVATOR COMPANY

JUST A MINUTE—Continued

loan officer, interviewer, teller or statement clerk, makes the difference between a banker and a bank clerk."

Boom, Bust and Baseball

A three-line note from President B. M. HARRIS of The Yellowstone Bank, Columbus, Montana, said:

"Herewith is a thumb-nail sketch of 40 years of banking in Montana—years of boom, bust, bumper crops and drought, baseball teams, and community boosters."

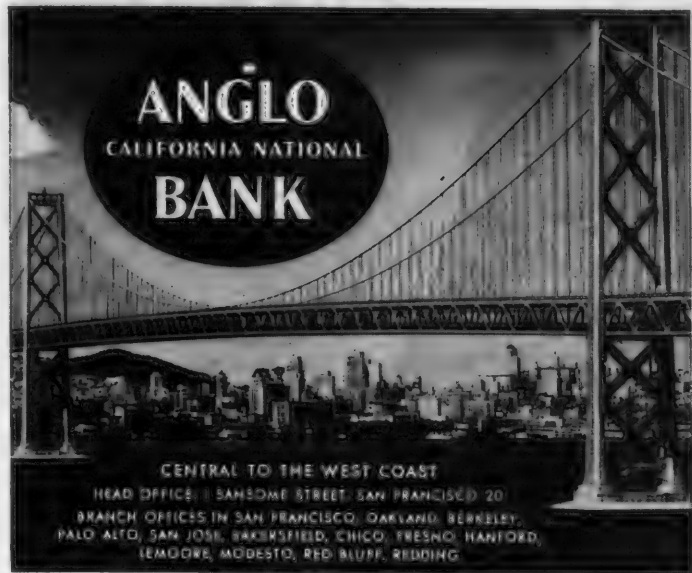
Clipped to the note was a full-page advertisement from the Columbus *News* published in connection with the bank's 40th anniversary last Spring. The copy, signed by Mr. HARRIS, seems worth a wider circulation, so here it is, in part:

"On April 22, 1907, in a remodelled farm machine warehouse, with a coal stove for heat and an oil lamp for light, and with a hand posted Boston ledger and a square fire-proof iron safe, a bank was opened in Park City under the chartered title of The Park City State Bank. . . .

"The cashier [Mr. HARRIS] built the stove fire, then swept out the bank and the sidewalk, and opened up the one-man bank for business. He moved from janitor to teller, from teller to book-keeper, and when a loan prospect came in, he became the loan officer.

"Eighteen similar banks were started within a radius of 35 miles. Interest was 1 percent per month and the lure of sudden wealth was everywhere. New
(CONTINUED ON PAGE 12)

"Now we'll have to find a teller about four feet tall"



STATEMENT OF CONDITION

JUNE 30, 1947

RESOURCES

Cash and Due from Banks	\$ 99,538,111.25
U. S. Government Securities	206,069,335.22
State and Municipal Securities	17,139,934.31
Other Bonds and Securities	2,310,581.86
Loans and Discounts	115,829,976.51
Accrued Income Receivable	1,287,295.51
Stock in Federal Reserve Bank	630,000.00
Bank Premises, Head Office and Branches	4,135,869.88
Other Real Estate Owned	1.00
Customers' Liability under Letters of Credit and Acceptances	5,848,278.20
Other Assets	341,710.71
TOTAL	\$453,131,094.45

LIABILITIES

Demand Deposits	\$237,441,522.10
Time Deposits	143,510,126.56
U. S. Government Deposits	2,298,450.50
Other Public Deposits	32,263,414.72
Total Deposits	415,513,513.88
Dividends Payable on Common Stock	562,500.00
Income Collected in Advance	547,708.49
Letters of Credit and Acceptances	6,050,638.39
Reserve for Future Loan Losses	1,200,000.00
Accrued Interest, Taxes and Other Expense	1,690,673.60
Common Capital Stock	15,000,000.00
Surplus	6,000,000.00
Undivided Profits	4,952,291.17
Reserves	1,613,768.92
TOTAL	\$453,131,094.45

Securities carried at \$52,503,387.31 are pledged to secure trust deposits, United States Government and other public deposits, as required by law.

Member Federal Reserve System • Member Federal Deposit Insurance Corporation

9 Varieties



Canada is a vacationland of infinite variety...nine separate provinces, each with its own attractions. Come to Canada this year...meet your northern neighbours, and learn at first hand what Canada offers as a market, source of supply and area for business expansion. Call on The Royal Bank of Canada for information and assistance in serving your customers in the Dominion. Over 600 branches from coast to coast.

HEAD OFFICE — MONTREAL

New York Agency —
68 William St., New York 5, N. Y.

THE ROYAL BANK OF CANADA

ASSETS EXCEED \$2,000,000,000

New York Hanseatic Corporation

Founded 1920

120 Broadway, New York 5

Phone BARclay 7-5660

Teletype: NY 1-583

Dealers
in

United States
Government
Securities

For Banks and Bankers
in Maryland and its
neighboring States who
want the best in prompt,
efficient and dependable
Correspondent Service.



MARYLAND
TRUST COMPANY
BALTIMORE-3

Heyward E. Boyce, President

Member Federal Reserve System and
Federal Deposit Insurance Corporation



"Now then, there's been a lot of loose talk about not taking it with you"

people were coming in, new enterprises were started, and every town had a commercial club and a baseball team. The community boosters were loud in their praise of their community and ball teams, and backed them to their limit. A new country was born. There was no 40-hour week, and a man's word was his bond, and his bond was generally good; so good, in fact, that many banks used overdrafts in place of notes, and the interest of 1 percent was charged on the high balance.

"All went well and everybody was happy until came World War I, followed by our greatest depression. Man's fancy was the principal yardstick used for borrowing money, and after years of prosperity his thinking became really fancy and deals were pyramided until the owner had only a trade of equity. Then came settlement time and facts were substituted for fancy. Then came hot winds year after year, and lower prices came with the winds. The combination of all three brought trouble, severe trouble. Many innocent people giving their best in time, money and effort, found the time too long, the money not enough, and the effort unavailing, and they went back to their beginning.

"These people we salute. It was their sacrifice and their effort that made the foundation for things to come. . . ."

The ad ends with a note about the bank's growth and a pledge of its best efforts toward making "a better and happier community."

(CONTINUED ON PAGE 14)



Accurate Time Control for Banks

IBM Time Stamps provide banks with printed time records of the exact minute of receipt and dispatch of important papers. Responsibility is established for the handling of all transactions, such as receipt and payment of notes, the handling of stock exchange dealings, and the entry and departure of safe deposit box lessees.

IBM Time Stamps may be incorporated in an IBM Electric Time System, in which Attendance Time Recorders, Indicating Clocks, Time Stamps, and other time units are controlled accurately to provide correct, synchronized time throughout your bank. The Time Stamps are available for either direct or alternating current.

IBM

TIME RECORDERS AND ELECTRIC TIME SYSTEMS

Proof Machines • Electric Punched Card Accounting Machines
and Service Bureau Facilities • Electric Typewriters

International Business Machines Corporation, World Headquarters Building, 590 Madison Avenue, New York 22, N. Y.

4 Reasons

why **LAWRENCE**
is the nation's outstanding
field warehouse organization

Lawrence Warehouse Company is the largest, oldest and most experienced organization conducting nationwide field warehouse operations.



Lawrence Warehouse receipts are supported by the strongest financial statement of any firm in the field warehouse industry. Our Annual Statement is regularly mailed to a large list of banks and other lending agencies. Additional copies are furnished on request.

To protect Lawrence receipt holders, we carry by far the strongest and broadest fidelity bond and legal liability insurance in the field warehouse industry.



For over 30 years we have issued receipts for collateral purposes totaling many billions of dollars and have always discharged our liability in full to all holders of Lawrence Warehouse Company receipts.

LAWRENCE WAREHOUSE COMPANY

NATIONWIDE FIELD WAREHOUSING

DIVISION OFFICES:

SAN FRANCISCO 11, CALIF.
37 Drumm Street

CHICAGO 2, ILL.
1 N. LaSalle Street

NEW YORK 5, N. Y.
72 Wall Street

Los Angeles • Boston • Seattle • Buffalo • Cleveland • Richmond • Charlotte • Chattanooga
Atlanta • Jacksonville • Orlando • Cincinnati • St. Louis • Fresno • Washington, D. C. • Houston
Philadelphia • Kansas City, Mo. • Dallas • Denver • Portland, Ore. • Stockton • New Orleans

Agricola Simmonds

HEADING the list of BANKING's callers the other day was that tall, genial farmer who landed in New Jersey via Kansas and points East, Colonel FRANK W. SIMMONDS.

FRANK had taken a brief leave of absence from his Flemington acres for a visit with old friends at the offices of the American Bankers Association where he long served as senior deputy manager prior to retirement.

He talked of many things, capably covering both the asset and liability sides of retirement farming. In the former category was a special item, the visit he had just had from the Kansas delegation at The Graduate School of Banking; several of the bankers attending the 1947 summer session had come over from nearby New Brunswick to spend a Sunday afternoon, much to Frank's delight.

When we asked whether he had put the boys to work on the 800-foot stone wall he's laying, the good colonel countered briskly by changing the subject. There was no opportunity, of course, to question his callers.

On the debit side of FRANK's largely pastoral conversation was the story of another visitation. It seems some Flemington deer found his garden and did devastation to the, 250-foot strip of lima beans which had been his pride.

The colonel doesn't like bugs, either. "I spray 'em, and I spray 'em, and I spray 'em," he declaimed in minor key. "Then I spray 'em some more. . . . Boys, let me tell you something: The world is going, not to the cahines, but to the bugs and beetles!"

And he was off, no doubt in search of a bigger and better sprayer.

JOHN L. COOLEY

"Beg pardon, lady, your slip fell down"





**GARDINER'S ISLAND :
WAY STATION OF BUCCANEERS**

TRADITION has it that the Indians sold the island they called Manchonac to Lion Gardiner for one large black dog, one gun, a quantity of powder and shot, some rum, and a few Dutch blankets. Whatever the terms of the transaction, the deed of purchase was later confirmed by an English crown grant giving Gardiner full manorial rights. Gardiner moved his family there in 1639 and formed the earliest English settlement in New York State.

Fair and tactful in his dealings with all men, Lion Gardiner was preeminently fitted for the task of settling a new country. A remarkably close and steadfast friendship existed between him and Wyandanch, sachem of the Montauks, who in his will named Gardiner guardian of his son. When the chief's daughter was captured on her

wedding night and her husband killed by other Indians, the bride was restored to her parents through Gardiner's efforts.

Handed down from one generation to the next, Gardiner's Island prospered but its annals were far from uneventful. No place along the coast was more persistently frequented by ocean rovers and by foreign enemies in times of war. In 1699 Captain Kidd landed there and buried treasure. For some reason he took the proprietor into his confidence, at the same time demanding food. The repast so tickled Kidd's palate that he gallantly presented Mrs. Gardiner with an exquisite cloth of gold, which is still in the family's possession.

Less considerate than Captain Kidd were the many privateers and smugglers who pillaged the island in later years. In 1728 a band of desperadoes wounded Gardiner and carried off all the family silver except for one tankard. During the Revolution and War of 1812 British soldiers frequently landed there to forage for supplies.

This 3,300-acre island off the eastern end of Long Island is still owned by a direct descendant of Lion Gardiner, though unfortunately the last manor house was destroyed by fire in January, 1947.



The impressive manor house was built in 1774

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FIRE • AUTOMOBILE • MARINE

Shoes, Comics and a Cape Cod Bank

"First it was shoes," comments a recent issue of the Falmouth (Massachusetts) Enterprise. "Now it is comics. What will turn up next at Falmouth National Bank?"

Here's the rest of the pleasant, friendly story about an alert, community-minded Cape Cod bank, reprinted from the weekly's "Flotsam & Jetsam" column:

THE bank lobby has always been an interesting place. Those who didn't rush right in and out again discovered old Falmouth pictures to look at, could turn the pages of a whaling log-book, examine the section of a Falmouth waterpipe and see for themselves why the town is always spending money cleaning mains. Sometimes they would find a prize fruit or vegetable from a Falmouth farm displayed on the counter beside the executive desks. President George E. Dean always had keen interest in what was going on around him. Mr. Dean liked bank exhibits to show visitors something of his town.

When the bank installed its night deposit vault beside the front door, carpenters built a neat cabinet over its steel and concrete. With a decorative eye they finished off the top in a series of shelves. Quite incidentally new display space was created. Cashier Gordon I. Miller invited Falmouth merchants to use it. He suggested the merchants might take turns in arranging weekly exhibits.

It was natural for Granville Beale to be the first to offer a commercial display. Mr. Beale is one of the most promotion-minded businessmen in town. He sparks the trade board with its information booth and its travel folder. Mr. Beale put a neat display of shoes for men, women and children in the bank.

A customer gasped and told Cashier Miller she thought he was cheapening the bank. Mr. Miller suggested every bank's job is to promote its community. He said Falmouth National was proud to show bank visitors the quality of merchandise available in Falmouth. The visitor hadn't thought of it that way. She agreed Mr. Miller was right.

Some other merchant customers of the bank asked about Mr. Beale's exhibit. They were invited to follow him with showings of their own. Meanwhile Mr. Beale sold quite a few shoes to folks who liked the look of what they saw in the bank. The way was opened for a series of interesting Falmouth

commercial displays. If the merchants are on their toes, they will take advantage of the opportunity.

After shoes there came the comic books. There they were in a neat pile on the counter near the cashier's desk—the gaudy, crude coloring of the books for which children are avid customers at all the newsstands, pages of thrilling adventures with balloons telling what the characters are saying just like in the Sunday comic pages. Bank customers who raised eyebrows at this didn't stop to read the small type at the bottom of the cover page which reads, "Copyright 1947, American Bankers Association."

THERE are those who say the comic books give children strange ideas of life, appetite for blood, thunder, thrills. There are thrills in the bank's comic book. There is the thrill of zooming back through centuries to see Columbus discover America (and incidentally to learn that Christopher was a stockholder in the bank of Genoa). There is thunder of guns in the Revolution and War of 1812. Spies and saboteurs rush through the pages until bankers find the money clues which expose them as foreign agents and the FBI does the rest—Zingo!

The adult who sniffingly picks up one of Mr. Miller's new comics is bound to admit when he turns the pages that when the banks go in for adventure in colors they pack a wallop. Principal Russell B. Marshall, who ought to understand the juvenile mind, assures Mr. Miller the comic book accomplishes

its purpose of opening youthful eyes to the function of banking.

This book is the story of Bob who didn't get his composition on banking prepared in time for class. Bob thought of running away and started to empty his piggy bank. Then Peter Penny came in the window, riding on his magic dollar. Bob and Peter Penny go sailing away to discover how banking financed the Revolution and the Nation's trade. They learn how Lincoln put national strength behind bank notes by signing the National Bank Act and how and why Wilson created the Federal Reserve System. They discover how bank loans build locomotives and airplanes and even provide the payrolls to keep Bob's father happily employed. Of course when Bob is delivered back at school by Peter he has a pretty neat composition on banking ready for teacher.

IT ISN'T impossible grownups will learn something from this bank comic book—if the kids give them a chance at it. At least they will be impressed at the amount of information which can be conveyed by comic artists and wonder why the commercial comic bookmakers don't take note, too. The back cover notes that Falmouth National Bank was founded in 1821 and so has lived through 126 years of banking history told in the colored pages. What would those bank-founders of 1821 think if they could see the shoes and comic books their institution sponsors today? They were pioneers. It is a good guess they'd be pleased to see their bank still pioneering.

"He amuses the kids while they wait for their mamas"



Here's an Idea—

Experience may be a good teacher but not many pupils bring her bright red apples.

Married men are said to be more inventive than single men. Well, what's that one about necessity being the mother of invention?

We are gradually reducing the number of illiterates in this country, which makes it harder and harder for the popular song writers.

We used to see a great many advertisements about keeping that school-girl complexion. But what we would like is that schoolboy stomach.

A European is coming over to see what the United States is like. A great many Americans have seen so many movies they probably couldn't tell him.

Whenever a foreign ruler plans a visit to this country, it generally means we are going to come across if he does.

The human race came into existence several thousand years ago, which thought we hope will give patience to some people who are trying to perfect it quickly.

Seeing is believing, except in the movies.

We never could understand why so many women attend prize fights unless it is that they want to see some man get what's coming to him.

Despite the high cost of living, there doesn't seem to be any lessening in the demand for it.

A debt is one of the few things that doesn't become smaller when it's contracted.

A courageous optimist is a ruler of a small country in Europe who does something without consulting Stalin.

Automobile manufacturers have produced a relatively permanent finish for cars, but even yet nothing beats a locomotive.

The skin of the hippopotamus is two inches thick. With a face like that he needs it.

When some people are afraid of an issue, they say there isn't one.

Some of the radio photographs that come from abroad look as if they had a rough crossing.

August 1947



SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

INCORPORATED 1924

STATEMENT OF CONDITION

June 30, 1947

RESOURCES

Cash and Due from Banks	\$ 315,852,318.75
U. S. Government Securities	\$983,927,575.75
State and Municipal Securities	35,303,257.86
Other Bonds and Securities	9,696,153.97
Loans and Discounts	1,028,926,987.58
Earned Interest Receivable	316,138,245.79
Customers' Liability under Acceptances and L/C	4,892,284.07
Bank Premises	1,903,435.81
Vaults, Furniture and Fixtures	4,652,111.00
Other Assets	1,140,891.05
TOTAL	90,518.33
	\$1,673,596,792.38

LIABILITIES

Capital	\$24,000,000.00
Surplus	26,000,000.00
Undivided Profits	27,500,000.00
Reserves for Contingencies, Interest, Taxes, Dividends	\$ 77,500,000.00
Interest Collected—Unearned	11,545,873.99
Acceptances and Letters of Credit Liability	1,518,946.93
Other Liabilities	1,906,935.81
Deposits—Time	168,455.65
—Demand	\$649,268,000.87
TOTAL	931,688,579.13
	1,580,956,580.00
	\$1,673,596,792.38

Securities carried at \$52,155,784.71 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

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The Fas-Cash System enables one teller to do the work of two. With it you can cash checks in as little as five seconds... cash up to 400 checks an hour.

This *proved* method has helped many other banks solve their check-cashing problems. It can help your bank, too. Send coupon *today* for complete information.

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Send coupon below for your free copy of illustrated folder. Explains how and why the Fas-Cash System will save you money.



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FAS-CASH SYSTEM INCORPORATED
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Yes... we want to improve customer service. Rush details about the Fas-Cash System, together with free illustrated folder.

Name _____

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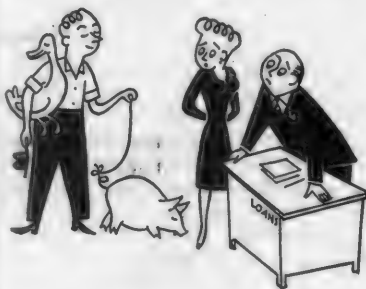
State _____



JUST what constitutes satisfactory collateral on loans extended by a bank is a moot subject. Bankers and customers, naturally, have quite frequently widely diverging views on the matter.

Only a few days ago we had some strange security offered us. A tall, gangling young man shambled to the desk of the lending officer and asked to borrow \$20. He wanted it to use in taking a little vacation, he said; he really needed a rest. Asked what he could give as collateral, he replied that he could give excellent security. He was out of a job and had applied for and would soon be receiving his \$20 a week unemployment compensation. If we would make him the loan he would sign his rights in the first check over to us, we could cash it when it came in and that would pay off the loan; and in the meantime he could go on the trip he had in mind.

Like all banks in agricultural communities, our bank occasionally makes loans, taking chattel mortgages on mules, hogs and other livestock as col-



lateral. In one such case a small loan was extended with a large mule named "Maybe" as security. (The owner explained they called him that because maybe he would work and maybe he wouldn't). Shortly before the note fell due, the farmer came in and hummed and hawed a little and finally told us that Maybe had died.

"A three hundred dollar mule, too!" he mourned, looking craftily out of the corners of his eyes.

"Too bad!" said the officer to whom he was telling his tale. "What did you do with him?"

"Oh, we buried him."

"Well, I'll come out to your farm tomorrow and put a stone on his grave," promised our vice-president.

"Oh, I wouldn't bother to do that," uneasily said the farmer. "I don't know as I can remember just the exact spot where he died or where we buried him."

We couldn't help wondering if maybe Maybe wasn't still alive, but since he could not be located—at least on his home farm—this loan, which was as dead as its collateral maybe was, had to be buried in the good old profit and loss graveyard.



Ordinarily banks don't care to make loans on diamond rings and other jewelry, regarding this business as exuding something of a pawn shop aroma. However, on one occasion such a loan was made, with a gorgeous diamond wedding band and solitaire engagement ring as collateral. The borrower had, it later transpired, had trouble with his wife, a divorce was the result, and by some hook or crook he had the rings in his possession. The loan fell due, he couldn't pay just then, and it was renewed. It began to look as if the bank had gone into the jewelry business. Then all of a sudden things picked up. A new love appeared on the horizon. The rings were needed. The fiancée came into the bank with the borrower and gloated over the rings. They even fitted her finger. Regularly payments began to come in, in amounts ranging from \$5 to \$50, until the happy day when the loan was paid off in full and the collateral returned. The final payment was made at closing time one day and within an hour the rings graced the third finger, left hand, of a second bride. We hope she guards them well.

BELLE S. HAMILTON



BANKING

TOMORROW IS IN A TEST-TUBE... AT MARTIN!

FASTER FLIGHT! New Martin 2-0-2 airliners, 100 m.p.h. faster than the planes they supplant, are now entering service on leading foreign and domestic airlines. First Martin 3-0-3's are nearing completion. Martin has sold more new transports than any other manufacturer.

GUARDING THE PEACE! Martin is producing 5 new military planes. For the Navy, the XP4M-1 patrol plane, the XPBM-5A amphibian, the AM-1 Mauler dive-torpedo bomber, the big JRM Mars transports. For the Army Air Forces, the six-jet XB-48 bomber. Martin is also manufacturing aerial gun turrets.

MANY NEW PRODUCTS! For example, there's Marvinol, versatile Martin plastic raw material entering large-scale production this year. Other new products are emerging from Martin research laboratories.

INDUSTRY BENEFITS! Holding high promise in many fields of industry are Martin developments which are being manufactured under license by other

concerns. These include Honeycomb, lightweight construction material licensed to U. S. Plywood . . . Mareng cells, flexible aircraft fuel tanks licensed to U. S. Rubber . . . aircraft ground-handling equipment, licensed to Aircraft Mechanics, Inc. . . and other products.

WATCH THESE CLOSELY! Still under development are Stratovision, the re-broadcasting of television and FM from planes to eliminate need for costly coaxial cables or relay stations. Stratovision is a joint project of Martin and Westinghouse. Advanced helicopter research is being done by the Rotawings Division of Martin.

LEADER IN RESEARCH! Martin has been awarded large contracts for development of guided missiles, advanced forms of propulsion, electronics, supersonic speed research and other revolutionary new projects. *Better products, greater progress are made by Martin!* THE GLENN L. MARTIN COMPANY, BALTIMORE 3, MARYLAND.

TRAVEL OR SHIP BY MARTIN TRANSPORT ON THESE GREAT AIRLINES

CAPITAL (PCA) • EASTERN • CHICAGO & SOUTHERN
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MANUFACTURERS OF: Advanced military aircraft • Aerial gun turrets • Outstanding commercial planes for both passenger and cargo service • Marvinol resins (Martin Plastics and Chemicals Division) **DEVELOPERS OF:** Rotary wing aircraft (Martin Rotawings Division) • Mareng fuel tanks (licensed to U. S. Rubber Co.) • Honeycomb construction material (licensed to U. S. Plywood Corp.) • Stratovision aerial broadcasting (in conjunction with Westinghouse Electric Corp.) • Aircraft ground-handling equipment (licensed to Aircraft Mechanics, Inc.) **LEADERS IN RESEARCH** to guard the peace and build better living in many far-reaching fields

North of the Border

NEW labor legislation has been designed by the Dominion Government but it cannot become effective until Parliament considers it early next year. The new bill, which is intended to replace an old statute and war-time labor regulations, would apply directly to more than 150,000 employees now engaged in inter-provincial transport and communication systems, as well as to certain manufacturing industries owned and controlled by the Government, but the federal authorities could intervene in disputes in other fields where the national welfare was threatened. Workers could ensure certification of a union to act as their collective bargaining agent, and no employer could refuse such bargaining when a majority of employees voted for it. No strike vote could be taken, however, nor any strike called or lock-out be declared, until all conciliatory procedures had been exhausted.

A "cooling-off" period of at least 14 days would have to elapse after publication of the conciliation board's report. Company unions would be outlawed, as would various unfair labor practices by unions and management alike. Unions, as well as the employers, could be prosecuted for violations of the new code.

The new powers would be administered by a 9-man relations board, headed by a judge. Both management

and labor would have equal representation, four on each side.

This is the legislation forecast in *BANKING* a few months ago, when it was also stated that the Dominion Government would relinquish wage controls and return most of its labor powers to the provinces. Some provincial legislative bodies may pattern new labor laws after those designed by the Dominion Government. In fact, British Columbia has already put into effect even more restrictive laws to control aggressive and unwarranted labor action, in one way, by providing for secret, supervised strike votes. Some quite stiff resistance has already been encountered in a small laundry workers' illegal strike backed by the Canadian counterpart of the C.I.O., which has also taken written exception to part of the Dominion Government's new labor measures.

This year is the 10th anniversary of the organization of the C.I.O. movement in Canada. In 1937 union leaders in Detroit were influential in the calling of a strike at the major General Motors plant in Oshawa, Ont. That event led to the establishment of close connections between American C.I.O. unions and the Canadian Congress of Labor, an old organization made up mainly of railway workers outside the running trades affiliated with the Brotherhoods in the

United States. The present Canadian Congress of Labor now claims a membership of 350,000 and claims, also, that it is the largest single labor organization in Canada. While professing that this is a wholly independent central body, it is admitted that many Canadian unions are affiliated with the international organizations in the United States. Nearly 500 of the locals are listed as associated with the United Mine Workers of America, the United Steel Workers of America, the United Electrical, Radio and Machine Workers, the Textile Workers Union, the United Automobile Workers, the United Rubber Workers, the Amalgamated Clothing workers and sundry American organizations. These Canadian branches of the international unions actually outnumber the purely national labor bodies.

It is known that strong Communist elements are active in some of the most powerful of these unions and that they give the central leaders considerable worry. The breach between radical and conservative elements seems to be widening, particularly since the head of the Canadian Seamen's Union (which called a strike on the Great Lakes boats about a year ago) resigned and openly stated that the organization was controlled by Communists and "fellow travelers." This labor leader is attempting to form a rival seamen's union.

Some labor gaps in Canada are being filled by selective immigration. The first movement was that of 3,000 Polish soldiers who were attached to the Allied armies in Britain and Continental Europe. These men were assigned to Canadian farms for specific periods. Next came a group of young women, mainly Polish, from displaced persons camps in Germany for training as textile workers in a rayon mill in Quebec. Recently several hundred Dutch farm workers and their families arrived in Ontario. The government of that province has now completed arrangements for the importation of 7,000 British people, and the Dominion Government is assisting representatives of the forest industries in the selection and transportation of 2,600 men in European displaced persons camps partly to meet the shortage of loggers in Ontario and Quebec.

These are the first influxes of Old World people for many years, under a more liberal immigration policy of the Dominion Government. Further, and

(CONTINUED ON PAGE 22)



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300 CORRESPONDENTS

Through one account in either of Bank of America's main offices ... San Francisco or Los Angeles ... you may reach more than 300 California communities promptly. For Bank of America serves the people of California on a neighborhood basis, with branches conveniently located in all parts of the state. This bank also offers you the facilities of its banking offices in London and Manila, and a close correspondent service with other Western States, Hawaii, and Alaska.

CONDENSED STATEMENT OF CONDITION, JUNE 30, 1947

RESOURCES

Cash in Vault and in Federal Reserve Bank	\$ 690,072,979.30
Due from Banks	252,881,014.94
TOTAL CASH	\$ 942,953,994.24
United States Government Obligations, direct and fully guaranteed	1,863,621,428.23
State, County, and Municipal Bonds	330,652,092.72
Other Bonds and Securities	95,081,682.02
Stock in Federal Reserve Bank	6,499,400.00
Loans and Discounts	2,135,842,845.98
Accrued Interest and Accounts Receivable	18,955,442.77
Bank Premises, Furniture, Fixtures and Safe Deposit Vaults	32,831,047.46
Other Real Estate Owned	60,228.31
Customers' Liability on Account of Letters of Credit, Acceptances, and Endorsed Bills	42,381,753.98
Other Resources	903,837.79
TOTAL RESOURCES	\$5,469,783,753.50

LIABILITIES

Capital	\$ 106,646,375.00
Surplus	110,000,000.00
Undivided Profits	36,319,807.49
Reserves	4,517,630.16
TOTAL CAPITAL FUNDS	\$ 257,483,812.65
Reserve for Bad Debts	30,344,694.82
Deposits { Demand \$2,799,941,500.42 }	5,113,290,019.49
{ Savings and Time 2,313,348,519.07 }	
Liability for Letters of Credit and as Acceptor, Endorser, or Maker on Acceptances and Foreign Bills	43,358,804.68
Reserve for Interest Received in Advance	11,870,896.38
Reserve for Interest, Taxes, etc.	13,435,525.48
TOTAL LIABILITIES	\$5,469,783,753.50

This statement includes figures of the Bank's offices in London and Manila

MAIN OFFICES IN TWO RESERVE CITIES OF CALIFORNIA
SAN FRANCISCO LOS ANGELES

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION
California's Platerwide Bank

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION • MEMBER FEDERAL RESERVE SYSTEM

(CONTINUED FROM PAGE 20)

larger, additions to Canada's population (now about 12,300,000) may be expected in the next few years, mainly British people, over 100,000 of whom have expressed their desire to migrate to Canada. This quite large number, and at least as many Americans, would be welcomed in English Canada. In fact, the most liberal immigration regulations are now available to British and American nationals. Good health and character, the willingness to seek work if employment has not already been arranged for and enough cash for a few weeks' living expenses are about all the requirements that these two classes of people have to meet.

Agricultural conditions in Canada improved recently, but not sufficiently to overcome the handicaps of the most backward spring weather in many years. Planting of spring grains was rushed through to completion in the Prairie Provinces in reasonably good time, but in eastern and central Canada considerable substitution of the usual feed grains, oats and barley, had to be made, with fears that such crops as could be seeded would be far short of requirements in the largest livestock and dairying sections. The situation is of particular concern in Ontario, the province which customarily provides about one-third of the total foodstuffs of all Canada. It is of national and international concern, however, in view of the persistent food shortages in Britain, Continental Europe and Asia, which Canada has agreed to lessen, to the full extent of her surplus over domestic demands. On the average, 27 percent of the Canadian food supply is exported, but this year it was hoped to provide a larger proportion, one-third or more. The desired larger quantity will not, however, be available unless a considerable surplus of feed grains is grown in the prairie provinces which could be moved into eastern and central Canada to maintain a high rate of meat, dairy and poultry production. The major factor is, therefore, whether the early favorable crop prospects in the West will be realized.

Judging from the increasing number of accidents, the automobile industry has the biggest turnover.

We suggest for the title of the next book about Stalin, "The Man Nobody Noes."

There is one thing new about taking a 3,000 mile trip by plane across the ocean. You never see a billboard.

Sound Opportunities for

New Business



BEFORE

MODERNIZATION LIKE THIS example in Columbus, Ohio, means opportunities for sound loans . . . additional business for your bank. "Pittsburgh" products have proved through the years their ability to give stores—inside and out—more attraction—power and profit—pull. Designer: Cecil Rose.

■ In your locality there are many merchants who are planning to modernize their stores. Some of them will require cash to carry out their ideas. Here are sound loan risks—additional sources of desirable business for your bank.

Progressive retailers and shopkeepers know that old-fashioned buildings are at a disadvantage in attempting to compete with new, smart-looking establishments. They realize that modernization of their stores—inside and out—means more customers . . . increased profits. And these results further prove the soundness of this type of new business.

There are scores of examples, showing how Pittsburgh Glass and Pittco Store Front Metal have been adapted to stimulate the business of a wide variety of merchants, in a booklet, "How Eye-Appeal—Inside and Out—Increases Retail Sales." A copy will be sent to you upon receipt of the coupon below. There is no obligation.



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PITTSBURGH PLATE GLASS COMPANY

Pittsburgh Plate Glass Company
2254-7 Grant Building, Pittsburgh 19, Pa.
Please send me a FREE copy of your illustrated brochure, "How Eye-Appeal—Inside and Out—Increases Retail Sales."

Name.....

Address.....

City..... State.....

The Mark of Crane - your guide to quality

The riflemith of the flint-lock period struck his name or initials deep into the barrel with a steel die. It was his mark of pride; of his craftsmanship that was father to the marksmanship of the Colonial rifleman.

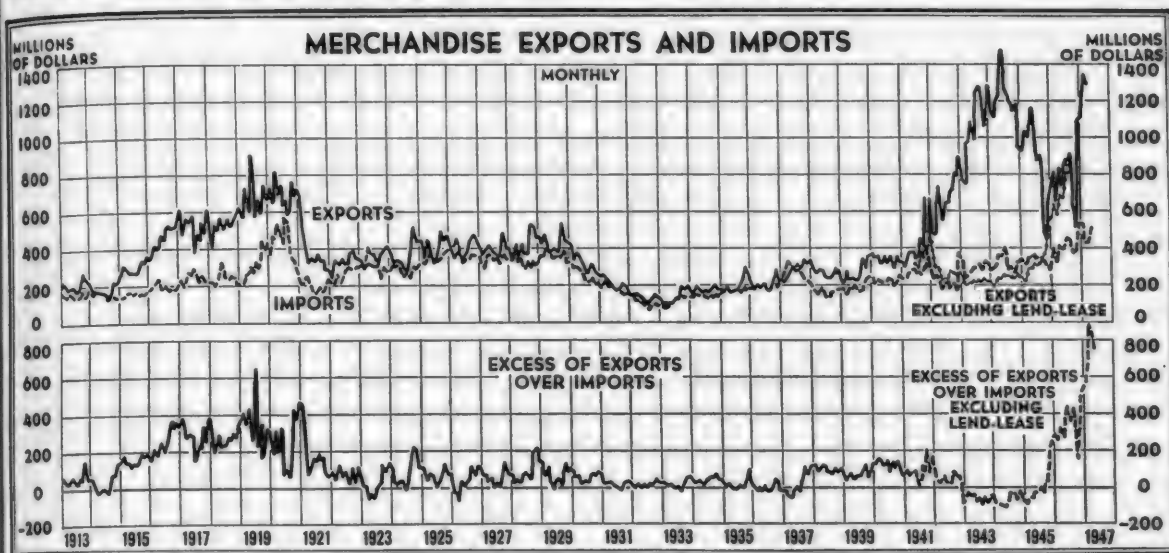
The custom of marking the product with the name of the maker is still an honored practice at the Crane mills where for 146 years we have been making paper from cotton and linen fibres only. By a process known as watermarking, the name of Crane becomes an integral part of the paper. It is our mark of pride; your mark of assurance in the purchase of paper for personal, social, and business uses. The next time you buy paper, look for the mark of Crane. You will discover it by holding the sheet of paper against the light.



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"Round Trip" Foreign Loans

W. RANDOLPH BURGESS

The author, who has a worldwide reputation as a monetary authority, is vice-chairman of the board of the National City Bank of New York and a former president of the American Bankers Association.

In view of his recent appointment to serve on President Truman's bi-partisan fact-finding committee, this abridgment of several of his recent addresses in London and on the Continent will be of timely interest.

WE NEED to do some solid and realistic thinking on the foreign lending policy of the United States to avoid mistakes and misunderstandings. Shakespeare stated a great truth of human nature when he said:

*"Neither a borrower nor a lender be
For loan oft loses both itself and friend
And borrowing dulls the edge of husbandry."*

It is for this reason that the United States now faces some of its most delicate and difficult decisions. It has in custody a certain life-giving substance, but one which must be administered with the utmost discretion. The drug can kill as well as cure.

As a people we are approaching the problem with mixed emotions. We have great goodwill as shown by the action of the Congress on Lend-Lease, Bretton Woods, the Export-Import Bank, the British financial arrangement, UNRRA, and now Greek and Turkish aid. But in the background we remember that after World War I we took an "awful shelling." We had lent not wisely but too well. Our huge

losses were partly our own fault but we do not want to repeat the experience. We know also in very truth that "borrowing dulls the edge of husbandry." Over-lending usually fails to strengthen and may actually weaken the borrower if it means that he postpones the painful process of overhauling his own economic machine.

In the search for principles to govern our lending I suggest we turn to England's experience. In the half century before World War I England occupied somewhat the present position of the United States—she was by all odds the greatest source of liquid capital. She built railroads in the United States, the Argentine, Brazil and elsewhere. She lent money to country after country. She traded all over the world. To that courageous venture, to that extension of England, the world owes much of the spread to many peoples of the fruits of the industrial revolution. Our country, the United States, was the greatest beneficiary.

As we examine this notable achievement, five secrets of Britain's success appear:

(1) Her men went with her money. All over the world Englishmen carried their houseflags. They were career men who made foreign business their lifetime business. They were on the ground to see that money sent abroad was used wisely and profitably. A British merchant banker who invested his firm's and his clients' money in American railways tells of his 136 trips to the United States for stays of a month or two. This was typical. There was no absentee landlordship about British investments. Nations as well as industries and merchants welcomed the long-headed counsel of Englishmen.

(2) British banking and insurance serviced British busi-

ness. Where there were no adequate banking facilities they were created. The British bill of exchange became a standard mechanism for moving goods. What risks were insurable were insured.

(3) The Government stood behind the British trader. He could count on the backing of his Government wherever he was. Government itself made few, if any, loans, but encouraged investment by its citizens.

(4) Goods, money and men moved freely about the world. There were few government controls, quota restrictions, or other trade barriers. Moneys could be exchanged one for the other because their values were fixed by definite relations to gold.

(5) The venture was profitable. There were, of course, losses; it was risky business. If half the four billion pounds sterling Britain invested abroad was lost, the interest and appreciation and indirect benefits on the balance more than paid the bill. This was on 5 to 8 or 10 percent interest, or on equity participations that at times doubled in value. Only so could losses be made up. There was no income tax.

Times have changed and the analogy cannot be pressed. But the British experience is at the least an illustration of the principles of lending money wisely and courageously, and of methods of avoiding the dangers Shakespeare understood. These principles rest on human nature; and human nature has not been repealed.

Let us then turn the page and review some facts about the ways in which dollars are today being made available to meet the world's need.

First, the banks of the United States are better equipped than ever before to finance the flow of current world trade. Since World War I we have gained experience in operating foreign departments and foreign branches. We have the facilities and resources to be helpful. Our business is commercial banking; that is, financing current trade. When we lend dollars we must know how the dollars are coming back. This does not go far to fill the shortage of dollars. But it makes dollars stretch farther and last longer. The first solid step in world recovery is two-way trade, and current financing supports and facilitates that step.

Similarly, American business is better prepared than ever before to give an impetus to world production and trade. Our war production about doubled peace production. We met large war needs, and at the same time took care of huge home consumption. Business techniques—"know-how"—

made enormous strides. This "know-how" is available for other countries which will make it welcome.

The experience of the 20's and 30's demonstrated that direct investment by business abroad is far sounder than loans of money. These direct investments ran into some trouble—took some losses—but much less than the very sizable losses on loans. They were less dependent on the exchanges and the balances of payments, and on political decisions. To a degree they created their own dollars, and they exemplified the partnership principle between the peoples of two countries.

Business concerns, like the banks, are now equipped for foreign operations. They know the problems; they have the trained people. They will avoid some old mistakes. They have learned, for example, that you burn your fingers when you play politics in a foreign country. They realize the natural fears any country may have when it opens its doors to foreign enterprise, especially at a time when false propa-

Five Pillars of Monetary Stability

MONETARY order is not something separate and distinct from other economic factors. It is rather the product of a sound economy. There are indeed certain specifically monetary actions which have to be taken but they can never, by themselves alone, produce monetary order. They are useful only when they are built upon a solid base of wise action in several economic areas. To state this point graphically we may say that monetary order rests on five pillars.

(1) The first such pillar is *production*, for there can be no order unless there is a correct balance between goods and money. Our problem today is inflation, and its chief cause in most countries is the lack of adequate production of goods.

(2) The second pillar is *budgetary control*. When the budget is unbalanced, and especially when the government is dependent on the printing of money or borrowing from the central bank, there is a constant increase in the volume of money. Until this increase is stopped monetary order is impossible.

(3) The next pillar is *sound central bank policy* in maintaining restraint on credit expansion (both governmental and private), in absorbing excess currency circulation, and in keeping the currency at a steady gold value.

(4) The fourth pillar is a *balance of foreign payments*. It is not sufficient for a country to produce; it must, over a period, export enough goods and services to pay for its imports. In addition there must be international understandings for the reduction of trade barriers.

(5) The fifth and last pillar is *foreign credit*. There are some countries which can achieve monetary order only with outside monetary help. For this help to be effective the other four pillars must be firmly set. Foreign credit must be part of a comprehensive program. This is the pattern set by its statutes for the International Bank. It follows the example of the League loans, or the loans by central banks in the 20's, which were successful only when they were part of a broad economic program.

Boost for world cooperation—President Truman in Ottawa acknowledging his Canadian greeting

PRESS ASSOCIATION



Loans for Production Lines

AMERICAN loans abroad should be made to build production lines and not merely bread lines, said Dr. Harold Stonier, director of The Graduate School of Banking in his commencement address to the 227 members of the Class of 1947.

"Up to now our loans have been used primarily to replenish the bread lines of Europe," Dr. Stonier asserted. "Such charity, while worthy, operates to create envy and even suspicion. It does not solve the problems of Europe or cure its ills. A better method was employed after World War I. After that war, our own Fred Kent, who was the first president of the American Institute of Banking, rebuilt the economy of Austria by the judicious use of less than \$100 million. Some of this money did go for food. But the Austrians received food only after they demonstrated their willingness to work. The greater part of the funds was used for the purchase of the machinery of production which ultimately enabled the Austrians to feed themselves and to rebuild their economy. In dealing with post World War II conditions we seem to be accepting the thesis that they can be relieved without the basic requirement of work. It should be remembered that loans without work can be futile and will often lead to disastrous inflation.

"Americans have always been generous in times of distress to people anywhere on earth. That is part of their nature. But our problem now is to use the relief money that we provide as an incentive to get the people of the nations we help to work, for only by work and production can the economies of western Europe and the rest of the world be rebuilt. In the future, our loans should be made to build production lines, not merely to replenish bread lines.

"In a peaceful world the American flag will be no stronger than the American dollar. Dollar diplomacy was once a term of political derision, but for the future it may be our only hope.

"For the 'One World' of tomorrow we must maintain a strong America as economically sound as possible, dedicated to life, liberty and the pursuit of happiness of the individual. That kind of an America is still the last best hope on earth. At this point in our progress toward the 'One World,' let us remind ourselves that other nations respect us for our strength, not for our theories. The strength we may never have to use is the most convincing evidence of the validity of our way of life to other nationals. If we dissipate that strength our leadership will be gone."

ganda has become a deliberate instrument of political policy, and the bogey of "Wall Street" or "Yankee Imperialism" is so easily conjured up.

American businesses do not expect special concessions. They want to be treated like the nationals of those countries—not better and not worse. They can hardly put shareholders' money into a country unless they can send enough skilled people with it. They are ready to take local partners on one basis or another—if they can do so and operate effectively. They are prepared to turn over their techniques to local capital under management arrangements. But they are allergic to government regimentation. Political and

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Boost for world cooperation—Secretary Marshall (left) at Harvard. (Others are Harvard's President Conant, Gen. Omar Bradley)

economic instability makes them cautious. This is just the nature of business enterprise.

Under these circumstances there are many countries which today American business does not find inviting; in others the flow of investment moves forward.

A tougher and much debated problem is that of long term bond issues. This is the area in which our experience has been least fortunate; though the memory is worse than the experience. As a result foreign bond issues in the United States market will be few, small and slow. A cautious and modestly successful beginning has been made with the Australian and Norwegian loans. Some others will follow, but only those which have a record of fulfilment of commitments.

To bridge the gap there are several new government institutions—the Export-Import Bank, the International Bank and the Monetary Fund. With the International Bank finally launched, the Export-Import Bank is now dedicated to the more limited field in which it started, the promotion of two-way trade, a useful but limited area to supplement and encourage commercial bank financing of trade. The Monetary Fund is restricted to "temporary" use to balance the swings of trade; its charter excludes reconstruction and development loans. For longer term lending for reconstruction and development the International Bank is the main reliance.

(CONTINUED ON PAGE 99)

But Russia says "No"—Foreign Ministers Bevin, Molotoff and Bidault at Paris, before the conference broke up. (Holding cigarette is France's President Auriol.)





Banker Students of Housing

They See First "Engineered Housing" Experiment

FIFTY-FIVE mortgage lending officers from 24 states seem to have started something recently in Urbana, Illinois. They were the first student body of the Mortgage Officers Training Course conducted by the American Bankers Association in cooperation with the Division of University Extension and Small Homes Council of the University of Illinois.

For two weeks in mid-July these men attended classes which started every morning at eight o'clock on the dot and no fooling. Their day lasted through an evening seminar which often was followed by roundtable or bull sessions until bedtime.

There were numerous field trips, including one all-day inspection of the housing and construction research program at Purdue University, 80 miles away in Indiana. While there they had a chance to see the prefabrication plant of the National Homes Corporation and witness a demonstration of dawn-to-dusk construction. On one of the other field trips students examined in its very early stages the industry-engineered housing construction experiment being conducted by the Small Homes Council. This is a study of "site fabrication" of small houses which is being made in cooperation with the Department of Commerce in an effort to furnish small builders with information on how to reduce costs. In view of the importance of this program to the future of the building industry and because these students were among the first to see the experiment in progress, it might be worth while to describe it in some detail.

The project is designed to advance the technology of small house construction and, as a result, reduce the cost of housing.

"It is generally agreed," said Professor W. H. Scheick, coordinator of the Small Homes Council, "that the total cost of single family homes is materially affected by the

Above, student body of the Mortgage Officers Training Course, during a field trip, listening to remarks by Professor Scheick. In the background is a house embodying new and interesting features of ranch house architecture—new, at least, for this part of the country

organization of the job, the flow of materials to the job and their handling at the site, and the construction techniques used by the contractor and his building mechanics.

"Intensive study of these factors has frequently been made by the large building operator with the result that he can make substantial savings over the costs of the same house built by the small contractor."

Six houses of the same plan and design will be built by the Small Homes Council. Every step in the building operation will be carefully planned in advance. Accurate time studies will be kept so that comparisons can be made as to the time required to lay out, cut and install each piece of material which goes into the house. Changes in construction techniques will immediately show up in savings of time, as well as in the quality of material used.

Houses will be located in the same area as the new group of university faculty houses being erected in Champaign.

Professor J. T. Lendrum, associate coordinator of the council, will direct the work in close cooperation with the technical committee of the Producers' Council, organization of building material manufacturers. The Department of Commerce has allocated funds to cover costs of the research and publication of the data collected. Additional funds are provided by the University of Illinois.

The houses will be built two at a time—one frame and one brick. After the first pair are well under way, the second

pair of identical houses will be started. New ideas will be incorporated in the second two and lessons learned in building the first pair will be applied. After the second set is well under way the third pair will be started. Improved operations from the first four houses will be used in this final pair.

Research will be carried on only during construction. After completion, the houses will not be utilized as research homes but as private dwellings.

All six houses will be built on what is called the industry-engineered principle, which the Producers' Council and the National Retail Lumber Dealers Association have been developing as a means of securing low-cost homes. The purpose is to show how materials can be utilized to the utmost in a conventional type construction by developing better engineering of all phases of the building operation. By doing this it is believed that labor costs can be reduced, waste of materials and space can be eliminated, and rooms can be arranged to accommodate standard equipment. The dimensions of the industry-engineered house are coordinated with the dimensions of materials, so that lumber, wallboard, brick, cement blocks, windows and other items fit into the house with a minimum of cutting and fitting—if cutting and fitting are required at all.

Another very successful field trip undertaken by the mortgage officers was for the purpose of making test appraisals. The students were divided into six teams and a house assigned to each. The teams then submitted their appraisals for examination and criticism by the other students and by the instructors. Several days later each of the teams was presented with a hypothetical borrower and purchaser of the house that had been appraised. It was then their task to analyze the application and the whole problem on the basis of the risk rating procedure recommended in the A.B.A. real estate mortgage manual.

The administrative committee in charge of the courses consisted of the following:

Howard B. Smith	Director, Department of Real Estate Finance
Robert W. Kneebone	Deputy Manager, American Bankers Association, Chicago Office, 105 West Adams Street

For two weeks in mid-July 55 mortgage lending officers from 24 states attended classes in the University's agricultural building, starting every morning at eight o'clock on the dot. Their day lasted through an evening seminar



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William H. Scheick	Coordinator, Small Homes Council
James T. Lendrum	Associate Coordinator, Small Homes Council
H. C. Rountree	Assistant Director, Division of University Extension

The teaching staff numbered 16 highly qualified individuals drawn from the University and banks. (See July BANKING.)

The white pillared Beta Theta Pi fraternity house on East Daniel Street was big enough to house and board the entire student body. It happens to be located at quite a distance from the new agricultural building, where classes were held, possibly three-quarters of a mile, and at first some of the men wished they had brought their bicycles. Soon, however, they got to like the walk as well as everything else about the place.

IN GENERAL the instruction was from an operations rather than a policy angle. It was intended to present a complete picture of the home mortgage lending process.

Subjects covered during the first week included land planning, architecture, construction and appraising. The second week was devoted to principles of home mortgage lending, servicing and merchandising.

The seminars and share-the-experience sessions were held in the main living room of the fraternity house. This was a good spot for them because it was comfortable, informal and conducive to taking the wraps off of subjects. Among the various topics which received this none too gentle treatment were new trends in design and construction, heating and insulation, the FHA insurance program, prefabrication and the status of veterans' loans.

The course was topped off with a banquet on the final Friday night in the Garden Room of the Urbana-Lincoln Hotel. Toastmaster at the dinner was Robert W. Kneebone, deputy manager of the American Bankers Association, in charge of the Association's Chicago office. C. A. Webber, president of the Champaign County Trust Company and a former bursar of the University of Illinois, was the principal speaker. His topic was "The Banker of Tomorrow." Diplomas were awarded by Mr. Rountree.

"The seminars and share-the-experience sessions were held in the main living room of the fraternity house. This was a good spot for them because it was comfortable, informal and conducive to taking the wraps off of subjects. . . ."



12 Tips to Presiding Officers

LEROY LEWIS

Mr. LEWIS is associate educational director of the American Institute of Banking. He writes here from his 13 years' experience as a teacher of public speaking and his observation, since 1943, of A. I. B. and other banker meetings. For the past two summers he has lectured on this subject at The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University.

To be an effective presiding officer, there are certain rules to be followed. These suggestions should be helpful to the thousands of bankers who arrange meetings and preside over them.

Before the Meeting

Before the meeting, the big job is to plan the program carefully. In program planning the chairman should ask himself five questions. First, what is the purpose of the meeting? Second, who should be the speaker? Third, who will meet the speaker on arrival and extend him the proper courtesies? Fourth, where will the meeting be held? Fifth, is my entire program carefully organized and am I familiar with the details of it?

In program planning the chairman must know the answers to these five questions. If the purpose of the meeting is to entertain, then a humorist should be selected as the speaker. If the purpose is to inform, then perhaps an educator or economist should speak. If the purpose is to arouse to action, perhaps a lawyer or statesman should appear.

Having determined the purpose of the meeting, you are now ready to select the speaker. This is a most important duty, for an excellent speaker will make your meeting a success and a poor speaker may ruin it. The man with the biggest name is sometimes the poorest speaker. Check carefully. Ask those who have heard him recently. When inviting him, tell him about your group: its size, type, what you want him to discuss, how long to talk, when he should arrive, and other such details. Invite him early enough to allow time for adequate preparation, ask for photograph, copy of talk or press release. Check on honorarium, expenses, or fee.

A local person should assume responsibility for meeting the guest speaker on arrival and caring for him until he departs. This should include perhaps both a short tour of your city and a brief visit with some of the officers of your group. However, he should have ample time to himself for rest and relaxation before speaking.

The mechanics of a meeting are important too. The right size and type of room must be reserved for the meeting. It should have adequate seating capacity and be properly lighted, ventilated and heated. A speaker's stand, ice water and place cards should be provided. If necessary, micro-

phone equipment and an operator should be included. Comfort for the audience as well as convenience for the speakers must be provided to assure a successful meeting.

Finally, before the meeting begins, the chairman should time his program carefully, know how to pronounce the names of the participants correctly, see that all head table guests are at the head table and start the meeting on time. Such attention to details will pay dividends many times during the evening.

During the Meeting

Here, again, are five duties the presiding officer must perform. First, he must set the keynote as he opens the meeting. Second, he must introduce special visitors and guests. Third, he must preserve order. Fourth, he must present the speaker. Fifth, at the close of the meeting he must express appreciation for the contribution of the main speaker.

As the meeting opens, the presiding officer sets the keynote by getting the audience in the proper frame of mind to receive what is to follow. In one or two minutes the chairman can be serious or humorous, depending on the type of meeting. He should not steal the show but pave the way for the rest of the program.

In introducing visitors and special guests he should be brief and cordial. The program must be kept moving, not only to complete it on schedule but also to hold the continuous interest of the audience.

In presenting the main speaker, the chairman should create a desire on the part of the audience to hear the speaker. Tell enough about the speaker to identify him to the audience. Indicate why he is competent to discuss the subject. Make the audience eager to hear him on this subject at this time. Don't overdo it. Be as brief as possible. Be warm. Be interested. Conclude your introduction of the speaker by pronouncing his name loudly and distinctly.

When the speaker has finished, the chairman should allow time for applause. Then, an expression of appreciation to the speaker should be made. This can be simple or more elaborate, depending on the quality of the talk and the reactions of the audience.

After the Meeting

The speaker should continue to receive the courtesies of his hosts until he leaves their city. His check should be given him as the dinner ends. And here is the final tip. After he has gone, a letter of appreciation should be sent him together with any newspaper stories that may have appeared in the local press. These tips to the presiding officer, it is hoped, will be useful to bankers who are called on to preside over meetings of all kinds every year.

Favorite Ways of Computing Interest

J. R. DUNKERLEY

MR. DUNKERLEY, secretary of the Savings Division, American Bankers Association, reports on a survey of methods of computing interest rates. The study was made by the Division's Committee on Interest Computation.

IT is easily appreciated that if a certain sum of money is on deposit throughout an interest period the amount of interest at 1 percent would not vary, regardless of the method of computing it. The variation in the amount of interest payable depends upon the method of determining the balance on which interest should be paid. In accounts with activity there are over 100 different ways of determining the balance.

Although there would be a decided public relations advantage if all banks in the country were to adopt the same method, it is felt that there are good reasons for the choice of a particular method depending on the banking habits of the depositors. Although the Savings Division of the American Bankers Association has been making periodic surveys for many years, it has never proposed one method for adoption by all banks, even though it recognizes the advantages which would result from such action. The Division feels that by publicizing the methods in use we shall eventually find the method which is fair both to the depositor and the bank.

When the last survey was made in 1939, it was found that 83 percent of the banks of the country were using one of the seven methods most popular at that time. In the survey just completed, 86 percent are using one of the seven methods most popular now. The real significance lies in the fact that

the fourth and seventh most used methods were not included among the popular methods in 1939. Methods No. 3, 4 and 7 all use the basic principal of computing on a minimum balance (i.e., Method No. 3, monthly; Method No. 4, semi-annually; Method No. 7, quarterly).

Today the most popular method is the same as in 1939, except that it is now used by 37 percent of the banks as compared to 26 percent in 1939. Methods No. 2 and No. 3 have changed their respective positions. It may well be that Method No. 4, which was practically unknown in 1939, may eventually rank as No. 1.

An examination of the methods now in current use will reveal that most of them penalize the overactive or in-and-out saver. Indirectly this benefits the true saver, in that these methods reduce to a minimum the number of accounts on which a bank takes a loss and leaves more money to be distributed to the real savers.

Inasmuch as it is statistically impossible to take an average of averages, we have endeavored to show the relative cost of each of these methods by selecting a group of banks using each method and indicating the median. It is the belief of the committee that this gives a reliable estimate of the effective cost to the bank of each method except Method No. 4. Since 1 percent has been used in each case, it will be necessary for a bank paying another rate to make the necessary adjustment. In other words, the effective rate under Method No. 1 is 0.86 percent. If a bank using Method No. 1 has an announced rate of 2 percent, its effective rate would be two times 0.86 percent or 1.72 percent.

METHODS OF COMPUTING INTEREST SCHEDULE I

Showing by geographical sections percentage of banks using the 10 basic methods

STATES *	NO. OF BANKS	PERCENTAGE USING EACH METHOD										ALL OTHERS
		1	2	3	4	5	6	7	8	9	10	
NEW ENGLAND.....	127	17.32	63.78	8.66	.79	1.57	3.15	....	....	.79	....	3.94
MIDDLE ATLANTIC.....	266	27.81	10.53	14.29	10.15	10.15	7.89	2.63	3.01	1.13	....	12.41
SOUTHERN.....	158	47.48	8.23	18.35	6.96	3.16	3.16	1.27	.63	.63	1.27	8.86
EAST CENTRAL.....	337	45.69	12.46	5.93	9.50	6.23	3.86	3.86	2.37	1.19	.30	8.61
WEST CENTRAL.....	100	50.00	5.00	11.00	10.00	2.00	7.00	1.00	2.00	4.00	1.00	7.00
PACIFIC.....	81	19.75	4.94	1.23	2.47	25.93	12.35	8.64	9.88	3.70	2.47	8.64
TOTAL NUMBER OF BANKS REPORTING.....	1,069	391	173	110	83	78	60	30	27	16	6	95
PERCENTAGE OF ALL BANKS REPORTING.....	100	36.57	16.18	10.29	7.76	7.30	5.61	2.81	2.53	1.50	.56	8.89

* NEW ENGLAND—Maine, New Hampshire, Vermont, Mass., R. I., Conn.; MIDDLE ATLANTIC—New York, New Jersey, Penna., D. C., Dela., Md.; SOUTHERN—Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, Tennessee; EAST CENTRAL—Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri; WEST CENTRAL—North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico, Oklahoma; PACIFIC—Washington, Oregon, California, Idaho, Utah, Nevada, Arizona.

On all methods other than No. 4 the costs did not vary greatly among banks using the same one. However, with Method No. 4, although the average cost is indicated as 0.61 percent, the costs experience ranged all the way from 0.38 percent to 0.96 percent. This method in a bank with little activity would result in interest costs almost as high as any other method, but in a bank with excessive activity it would reduce the cost below that of any other method. This method which pays interest on the minimum balance for the six months' interest period involves the least amount of work in computation.

FOLLOWING is a brief description of the 10 methods which are most popular at the present time, together with the percentage of banks using each. Assuming that each bank is paying 1 percent interest, we have also indicated the actual rate paid on the average deposits which, naturally, is lower because of the penalties imposed on overactivity.

- (1) Used by 36.57 percent of banks.
Effective rate 0.86 percent (median).
Interest commences first of the month following a deposit, and on amounts withdrawn ceases at the beginning of the semi-annual period in which withdrawn, withdrawals being charged against the beginning balance of the period or first deposits.
- (2) Used by 16.18 percent of banks.
Effective rate 0.90 percent (median).
Same as No. 1, except that withdrawals are charged against the most recent deposits of the current interest period, if any.
- (3) Used by 10.29 percent of banks.
Effective rate 0.92 percent (median).
Interest is computed on lowest monthly balance. Interest commences first of the month following a deposit, and, on amounts withdrawn, ceases on the first of the month in which withdrawn.
- (4) Used by 7.76 percent of banks.
Effective rate 0.61 percent (median).

Interest is computed on lowest balance for six months' interest period. Interest commences at the beginning of the semi-annual period. Funds must be on deposit for full six months.

- (5) Used by 7.30 percent of banks.
Effective rate 0.86 percent (median).
Interest commences at the beginning of the next quarter following a deposit, and on amounts withdrawn ceases at the beginning of the quarter in which withdrawn, withdrawals being charged to most recent deposits of quarterly period, if any.
- (6) Used by 5.61 percent of banks.
Effective rate 0.87 percent (median).
Interest commences at the beginning of the next quarter following a deposit, and on amounts withdrawn ceases at the beginning of the semi-annual period in which withdrawn, withdrawals being charged against most recent deposits of period, if any.
- (7) Used by 2.81 percent of banks.
Effective rate 0.87 percent (median).
Interest is computed on lowest balance for quarterly interest period.
- (8) Used by 2.53 percent of banks.
Effective rate 0.89 percent (median).
Interest commences at the beginning of the next quarter following a deposit, and on amounts withdrawn ceases at the beginning of the quarter in which withdrawn, withdrawals being charged against the beginning balance of the quarter or first deposits.
- (9) Used by 1.50 percent of banks.
Effective rate 0.89 percent (median).
Interest commences first of the month following deposit, and on amounts withdrawn ceases at beginning of quarter in which withdrawn, withdrawals being charged against most recent deposits of the quarterly period, if any.
- (10) Used by 0.56 percent of banks.
Effective rate 1 percent.
Interest commences on day of deposit and ceases on day of withdrawal. (In most cases—notice of withdrawal is required.)

SCHEDULE II

Showing by amount of savings deposits the 10 most widely used basic methods of interest computation

AMOUNT OF SAVINGS DEPOSITS AS OF JANUARY 1947

PERCENTAGE OF BANKS USING	50,000 and Under	50,001-100,000	100,001-250,000	250,001-500,000	500,001-1,000,000	1,000,001-2,500,000	2,500,001-5,000,000	5,000,001-10,000,000	10,000,001-25,000,000	25,000,001-100,000,000	Over 100,000,000	No Answer	TOTAL
METHOD No. 1.....	1.79	2.30	6.91	10.74	16.88	24.55	13.55	9.97	5.63	.77	.26	6.65	36.57
METHOD No. 2.....	.58	2.31	5.20	5.20	10.40	27.75	15.61	10.40	9.25	8.09	1.16	4.05	16.18
METHOD No. 3.....	2.73	3.64	10.00	8.18	11.82	28.17	10.00	10.91	1.82	1.82	....	10.91	10.29
METHOD No. 4.....	2.41	2.41	7.23	6.02	20.48	22.90	19.28	7.23	7.23	1.20	....	3.61	7.76
METHOD No. 5.....	1.28	6.41	12.82	16.68	26.93	6.41	7.69	8.97	7.69	2.56	2.56	7.30	
METHOD No. 6.....	1.67	3.33	11.67	21.66	11.67	16.67	5.00	8.33	5.00	8.33	6.67	5.61	
METHOD No. 7.....	....	10.00	3.33	16.67	40.00	6.67	3.33	10.00	....	3.33	6.67	2.81	
METHOD No. 8.....	3.70	3.70	3.70	25.94	29.64	3.70	....	11.11	....	3.70	14.81	2.53	
METHOD No. 9.....	18.75	6.25	....	....	6.25	12.50	25.00	6.25	12.50	....	....	12.50	1.50
METHOD No. 10.....	....	....	33.33	16.67	....	....	16.67	....	....	....	....	33.33	.56
ALL OTHERS	2.11	1.05	7.37	9.47	12.63	21.05	15.79	9.47	10.53	3.16	2.11	5.26	8.89
TOTAL NUMBER OF BANKS	18	24	73	94	165	264	145	95	76	32	14	69	1,069
PERCENTAGE OF ALL BANKS REPORTING	1.68	2.25	6.83	8.79	15.43	24.71	13.56	8.89	7.11	2.99	1.31	6.45	100

In previous surveys of the Savings Division great emphasis was placed on variations in the amount of interest payable on similar accounts. Insofar as any single account is concerned, the variation between two methods can be fantastic.

This recent survey demonstrates that although there may be great variation with respect to individual ac-

counts, the actual over-all cost of interest does not vary as much as was formerly believed, with the exception of Method No. 4.

It would seem to the committee, therefore, that as among methods which result in approximately the same cost to the bank, it would be preferable to choose the one which involves the least amount of work in computation.

SCHEDULE III

Showing by population of cities the 10 most widely used basic methods of interest computation

SIZE OF CITY OR TOWN

PERCENTAGE OF BANKS USING	Under 500	501-1,000	1,001-2,500	2,501-5,000	5,001-10,000	10,001-20,000	20,001-50,000	50,001-100,000	100,001-300,000	300,001-750,000	Over 750,000	No Answer	Total
METHOD No. 1.....	2.56	7.67	13.04	13.82	13.31	11.51	11.25	5.88	5.37	2.81	1.53	11.25	36.57
METHOD No. 2.....	2.89	3.47	15.61	14.45	16.18	9.83	10.98	8.67	5.20	2.31	3.47	6.94	16.18
METHOD No. 3.....	6.36	8.18	15.45	10.91	16.37	8.18	11.82	.91	6.36	....	1.82	13.64	10.29
METHOD No. 4.....	4.81	3.61	18.08	16.88	14.46	15.66	8.43	3.61	4.82	2.41	1.20	6.02	7.76
METHOD No. 5.....	2.56	10.26	20.50	10.26	10.26	8.97	11.54	5.13	7.69	3.85	3.85	5.13	7.30
METHOD No. 6.....	....	6.67	10.00	15.00	8.33	16.66	11.67	8.33	1.67	5.00	6.67	10.00	5.61
METHOD No. 7.....	3.33	6.67	13.33	10.00	20.00	10.00	6.67	6.67	....	....	3.33	20.00	2.81
METHOD No. 8.....	3.70	7.41	18.52	22.23	14.81	11.11	3.70	7.41	....	....	....	11.11	2.53
METHOD No. 9.....	6.25	6.25	12.50	18.75	6.25	....	18.75	6.25	6.25	6.25	....	12.50	1.50
METHOD No. 10.....	....	....	....	16.67	....	16.67	16.67	....	....	....	....	49.99	.56
ALL OTHERS.....	7.37	5.26	12.63	13.69	10.53	7.37	12.63	6.32	5.26	5.26	5.26	8.42	8.89
TOTAL NUMBER OF BANKS.....	38	70	155	148	144	115	118	62	54	29	28	108	1,069
PERCENTAGE OF ALL BANKS REPORTING.....	3.55	6.55	14.51	13.84	13.47	10.76	11.04	5.80	5.05	2.71	2.62	10.10	100%

SCHEDULE IV

Showing various interest rates paid by banks using the 10 most widely used methods of computing interest

PERCENTAGE OF BANKS USING	SPLIT RATES									No limitation on amt. deposited	Limitation on amt. deposited	No answer
	1/4%	1/2%	3/4%	1%	1 1/4%	1 1/2%	2%	2 1/2%	3%			
METHOD No. 1.....	5.37	....	62.41	1.02	5.88	2.05	.26	....	8.18	10.74	4.09	
METHOD No. 2.....	2.31	.58	53.18	....	12.14	16.18	2.31	....	3.47	6.36	3.47	
METHOD No. 3.....	1.82	1.82	58.17	.91	11.82	2.73	....	.91	9.09	2.73	10.00	
METHOD No. 4.....	3.61	....	71.09	....	6.02	1.20	....	....	4.82	7.24	6.02	
METHOD No. 5.....	3.85	....	67.95	1.28	6.41	1.28	....	....	14.10	1.28	3.85	
METHOD No. 6.....	1.67	3.33	60.00	....	13.33	....	....	....	11.67	8.33	1.67	
METHOD No. 7.....	3.33	....	70.01	....	3.33	....	....	....	13.33	3.33	6.67	
METHOD No. 8.....	3.70	....	59.27	....	3.70	....	....	....	14.81	11.11	7.41	
METHOD No. 9.....	....	....	56.25	....	6.25	12.50	....	....	12.50	....	12.50	
METHOD No. 10.....	....	....	83.33	....	....	....	....	....	....	....	16.67	
ALL OTHERS.....	4.08	....	59.18	....	10.21	7.14	....	....	11.23	3.06	5.10	
TOTAL NUMBER OF BANKS.....	1	41	3	653	6	88	50	5	1	92	76	53
PERCENTAGE OF ALL BANKS REPORTING ..	.09	3.84	.28	61.08	.56	8.23	4.68	.47	.09	8.61	7.11	4.96



The New RFC

CONGRESS may have clipped the wings of the Reconstruction Finance Corporation even if it did not put that agency on the perch for the duration of good times, in one of its most important actions in the field of banking and credit near the close of the session.

That Congress only "may have" clipped RFC's wings is a doubt that is raised intentionally. There is no disputing the fact, however, that Congress plucked scores of powers. Ever since it was first set up in 1932, the Reconstruction Finance Corporation has from time to time, by both Congressional enactment and executive order of the President, been given additional lending authorities. These filled a big thick book. They are now junked.

These additional grants of power were usually made for the purpose of permitting the RFC to play its part in solving this or that problem. Frequently these grants were accompanied by a blanket increase in the lending powers of the RFC "by such amounts as may be necessary" to deal with the situation the agency was supposed to tackle.

Because of these late indefinite grants of RFC capacity to obligate the government, it has been impossible to do more than guess the aggregate lending power of the agency. That is why it would be as accurate to say that RFC could lend \$22 billion as that it could lend only \$14 billion, or something in between. Thus, for example, the decreased power of the RFC to buy into the capital of banks set no limit on the sums which might have been used for that purpose, but again authorized such amounts as might be necessary.

There is no more of "such amounts as may be necessary." Now the RFC is given a definite limit on its outstandings. The limit is \$2 billion. The agency also is reduced to a few simple lending powers.

Furthermore, Congress did away with RFC's role as an assistant treasury of the U. S. When Congress or the Administration sought to avoid the sometimes embarrassing procedure of appropriation bills, they often allocated the

money out of RFC. In this way the Rural Electrification Administration, for example, and the Farmers' Home Administration got their tens of millions to pass around.

While Congress reduced RFC's outstandings to \$2 billion, there was a little Congressional sleight-of-hand in connection therewith. Since the RFC extension is a new act, its ceiling of \$2 billion on outstandings does not apply to existing loans on the books, of around \$8 billion. These must be liquidated. The \$2 billion is a compartment of new money, and thus a sure drawing account for RFC for loans which might be made hereafter—should RFC be able to use it.

Still Has Wide Authority

While removing some pages from that fat book full of laws and executive orders granting RFC its powers, however, Congress still vested the agency with the broad authority to make loans to businesses and financial institutions. This is rated as a broad sphere of operations.

The basic restraint upon the extension of credit by the RFC is the same as under the old laws. RFC may extend credit only where "the financial assistance applied for is not otherwise available on reasonable terms." The government lending agency may be expected to administer this condition the same as it did the identical restraint under the old law. It will first refer applicants to appropriate private sources of credit before entertaining applications for accommodation itself, and it will ascertain that such credit is not otherwise available "on reasonable terms."

This generous continuance of RFC with powers to make loans to business and financial institutions was not expected. Until near the end of the session, the fate of the agency seemed to hang in precarious balance.

Rep. Wolcott's Influence

Probably the decisive influence in giving the RFC its relatively favorable law was the chairman of the House Banking Committee, Rep. Jesse P. Wolcott of Michigan. Rep. Wolcott rates as an adroit parliamentarian and negotiator. Only in the course of hearings did it develop that

Mr. Wolcott entertained a more favorable opinion of the management and usefulness of the Reconstruction Finance Corporation than many other members. In a large degree the final outcome reflects, it is said, very closely the thinking of the House Banking committee chairman, in the curtailments it put upon RFC's authority as well as in the powers retained.

One of the curtailments was the RFC secondary market for Veterans Administration guaranteed home loans. This secondary market was authorized last year by Congress and got under way in September 1946. In government and building circles in Washington, it was anticipated that the closing off of this source of sale of GI-guaranteed mortgages would tend somewhat to restrict the extension of such credit to veterans, even with the guarantee. The government contends that the decrease in home mortgage lending will be particularly severe in small communities whose local banks would initially make the mortgages and then sell them to the RFC.

It is planned by the Senate Banking Committee to make a thorough study of the operations of the Reconstruction Finance Corporation. This study is expected to provide recommendations as to what form, if any, a re-extended RFC should take. The study will be the work of a special staff operating under the direction of a banking subcommittee. The staff is scheduled to report next January, the subcommittee next March.

Just as Chairman Wolcott of the House Banking Committee was credited with being the main architect of the limited RFC extension, his colleagues also acknowledged him as being the main force in avoiding congressional approval of the Reserve Board guarantee plan, which was favorably reported by the Senate Banking Committee. Even though this plan failed of enactment in 1947, there is no guarantee that it again will fail in 1948.

Land Bank Loans Side-tracked

For 1947, at least, another venture into government credit or government-sponsored credit was side-tracked. The Farm Credit Administration failed to convince either the Senate or the House committees on agriculture that the federal land banks should be empowered to take over the function of making Land Bank Commissioner's loans and such lending authority expired June 30. This proposal would have permitted the land banks to raise to 75 percent from 65 percent of collateral the ratio of loans they could have made on farm real estate.

Congress also accepted the advice of the private banking world in failing to enact the Taft-Ellender-Wagner omnibus housing bill. Besides liberalizing urban and rural real estate mortgage terms, this bill proposed that the Federal Treasury subsidize a huge public housing program.

Prospects for the Next Session

Congress will have two interesting prospects for the banking and business world in 1948.

One of these is the credit investigation under way in the House Banking Committee, the first of its kind. It would be aimed at studying the whole problem of monetary management in the light of the huge public debt and the limitations which the management of that debt dictate. It would also be directed at drawing a complete, critical picture of the operations of government lending agencies.

Even though the Commodity Credit Corporation, the Farm Credit Administration subsidiaries, and the World

Bank and Monetary Fund, are subjects outside the jurisdiction of the House Banking and Currency committee, it is proposed that the committee will study all of them. Where the committee lacks jurisdiction, it will submit advisory reports on proposed legislation, if such action appears needed.

Yet the House committee credit study so far has been disappointing. The study lagged because informed leaders in credit and banking problems outside the Government did not take advantage of the opportunity. The study cannot produce much unless technically informed persons will come forth and express their views and impart information. Congressmen cannot be trained technical students of credit management. BANKING is authorized to say that the House Banking Committee will welcome aid from responsible private students of credit, particularly those with experience in the field. The best aid which can be given is the practical background and critical analysis of some of the banking world's leaders.

The other prospect ahead is for tax revision in 1948. Budgetary considerations, particularly if there is enacted a new and large foreign aid program, will circumscribe severely the amount of relief which can be afforded. Political considerations also will limit the relief. For example, the Administration may be expected to oppose, generally, any tax relief for persons in responsible positions of business leadership, and agree to only such relief as goes to large segments of voters.

Nevertheless, it is possible to relate the *objectives* in tax policy of the congressional majority. These include: nationwide separate income tax returns for husband and wife, corporation tax relief, elimination in taxation upon individuals of the dividends received from already-taxed corporation income, increased excise taxes with a possibility of a general manufacturers' excise tax, lower estate and gift taxes, taxation of undistributed income of cooperatives, taxation of income property of tax-exempt foundations, labor unions, etc., and an overall limit of 50 percent upon the rate of tax upon any individual's income.



Planning the Future

Building Small Business Reserves

ROBERT M. HANES

Mr. HANES wrote, in BANKING, for June, on the Treasury's Bond-a-Month Plan under the title, "An Opportunity and a Responsibility." This month's article elaborates on one of the points which the author mentioned in the June issue. Mr. HANES is chairman of the American Bankers Association's Small Business Credit Commission and president of the Wachovia Bank & Trust Company, Winston-Salem, N. C. He is a former A.B.A. president.

AT LEAST 90 percent of the commercial banks of the nation are now offering the new Bond-a-Month Plan to their depositors for the regular, automatic buying of United States Savings Bonds. The number is increasing daily.

I welcome this news from the Treasury Department for reasons which I explained in a talk at the recent National Savings Bonds Conference in Washington, when the Secretary of the Treasury asked the banks to adopt the Bond-a-Month Plan. [See JUNE BANKING, page 54.—Ed.] It is not necessary to repeat those reasons here, for the response of the banks shows that bankers everywhere appreciate the wisdom of helping to spread the national debt by offering the plan.

However, I have been asked to expand one reason I listed: that the Bond-a-Month Plan can be most useful in building up reserves that will make small business enterprises better credit risks and fortify them against a price recession.

During and since the war there has been a general tendency for smaller enterprises to plow all profits back into inventory or into plant expansion. For four or five years the manufacturer of consumer goods and the merchant have been unable to get enough of anything and could sell anything they could offer. This produced what has been aptly called "the pleasant illusion of being able to operate without credit or reserves, that is wonderful while it lasts."

WE ARE still in a seller's market in some lines, mainly of heavy goods and household equipment, but the day of the buyer's market is coming quickly. A survey recently completed by the National Retail Dry Goods Association revealed that 95.6 percent of the 345 stores surveyed throughout the country had found "increasing consumer resistance." A total of 65.9 percent found "general resistance to all lines of merchandise," while 34.1 percent described it as "selective"; 76.3 percent noted resistance to both price and quality. "Most of the consumer reaction has to do with goods which are plentiful," the report notes.

I think the time has come when the plow-back policy must be modified. The risks of being caught with a topheavy inventory are building up fast, as any banker knows.

It was Theodore Roosevelt, I believe, who said: "Ninety-ninths of wisdom consists in being wise in time." The small business operator must make provision as fast as possible against the day when reserves and credit will be needed, perhaps acutely. Then he can clear his inventory, take his losses and go ahead.

The inevitable price adjustment can be healthy for business if it is kept from going too far. More people have more

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Join the
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IF you pay \$18.75 for U. S. Savings Bonds every month for ten years, you'll collect \$25 a month for the next ten years, commencing 1957. Ask us now how we can help you make this plan work *automatically.*

B-20

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liquid assets today than ever in our history, even though one-third or more of our consumers have none. I believe this stored-up buying power will help cushion the recession before it repeats the plunge of 1921, so disastrous to small business, provided small business operators are prepared to weather it. The vicious circle of inflated prices (plus unsold postwar goods of inferior quality) producing buyer resistance, shrinking sales, cancelled orders and unemployment can be controlled only by wisdom applied in time. This can best be done by the bankers of each community in talks with their customers, and the new Bond-a-Month Plan gives us the entering wedge for such advice.

Individual business operators can buy Series E Bonds up to \$5,000 maturity value of any one year's issue for each person in the family, or the partnership. The Series F Bond is the best adapted to the needs of most small corporations; the limit on these and G Bonds, \$100,000 a year, will provide reserve enough for any but a big business.

A small store now averaging \$1,000 a month in profits, after setting aside a reserve for taxes, could invest \$200 a month in E Bonds and build up an operating reserve of \$2,400 in a year that would grow into \$3,200 if held 10 years to maturity, and there would still be enough for a good living for the proprietor. Put into inventory, that sum could be wiped out by losses in a year or less when the downturn came, whereas in bonds the dollars would only be worth more as wholesale prices fell. Savings Bonds are riskless and liquid.

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When Terms Enter the Competitive Arena

A. ANTON FRIEDRICH

The author, a regular contributor to BANKING, is professor of economics at New York University and a member of The Graduate School of Banking faculty. He is also co-author of several books on economics, and contributor on economic subjects to the Encyclopedia of Social Sciences.

UNDER a regime of free action in consumer credit, competitive forces would have much wider scope and competitive pressures would be sharper. In addition to competition on the basis of rates, services, and public relations, the amount of the down payment and the loan period would enter the competitive arena. It is precisely in regard to these two matters that instalment sales credit is most vulnerable to competitive pressures and is most liable to loose practice.

The down payment and the loan period determine the factors which are uppermost in the minds of many consumers when considering the advisability of buying on an instalment basis. The down payment constitutes the immediate sacrifice a consumer must make to acquire possession of the new article. It determines the extent to which he will have to draw down his saving to impress his neighbors with the latest model car. It is the measure of what he must do without *now* to acquire the articles whose newness and promised pleasures fill his soul with desire. The smaller the down payment, the more willing the consumer is to buy and borrow, even if it may mean some difficulties later on—so long as the difficulties are later on.

The size of the monthly payment rivals the down payment in its effect upon consumer willingness to buy and borrow. It is the monthly payment which determines the extent to which he must currently economize to retain possession of his purchase. The smaller it is, the less he has to go without other things. Moreover it is the payments due in the months immediately ahead rather than the most distant months which weigh most heavily in the consumer calculations.

The financially astute and responsible consumer will of course keep other factors in mind. The lower the down and monthly payments, the greater is the total debt and the longer it must be carried, the larger is the total of interest payments, and the higher is the over-all price. The more a consumer recognizes all the factors involved in an instalment loan and gives them their proper weight, the less likely he is to succumb to the allure of easy credit terms.

The responsible lender, also, will shy away from too easy credit terms. He will keep in mind that long term contracts are subject to the risk of changing economic conditions,

changing prices, changing conditions of employment and income. Who will dare to predict now what the economic conditions will be in the first six months of 1950? He will also remember the prewar experience with down payments which are too low. Low down payments make it easy to acquire volume. They also bear the fruit of slow collections, high delinquency ratios, and repossessions. The lower the down payment, the longer the time to pay, the greater the temptation for consumers to pay higher prices than they can afford, to buy more than they can pay for, and to borrow more than they can carry.

Even if it be granted that a majority of consumer credit lenders will seek to maintain sound credit practices, there will be a minority of instalment sellers and lenders who will compete for volume on the basis of easy credit terms. And the competitive pressure of this minority will be difficult to resist. There is a kind of Gresham's law with respect to trade practices as with money. Just as bad money drives out good money, so may bad trade practices drive out the good.

Now I do not wish to be regarded in the image of a prophet of ancient Israel emerging from the wilderness with the cry of alarm. On the other hand, I do not think it wise to bury one's head ostrich-like in the sand and refuse to see what may lie ahead. There are dangers which lie ahead, particularly if present inflationary tendencies persist. The short-run gains of greater volume will offer increasing temptation. Under a regime of freedom, there would be greater need for vigilance in maintaining the principles and objectives of sound consumer credit.

Furniture Dealers Will Need Credit

Regardless of how well financed furniture dealers may find themselves at present, they are going to be scratching for money within the very near future, Lehman Plummer, vice-president of the Central National Bank & Trust Company of Des Moines, Iowa, and member of the Consumer Credit Committee of the American Bankers Association, told the National Retail Furniture Association at its international home furnishings market, held in Chicago in July.

"In spite of the fact that financing has not been a problem for most of you, and that you have been able to make satisfactory financing arrangements or have had the capital to carry the paper yourselves, please don't push this problem into the background and say to yourself that your first big

(CONTINUED ON PAGE 83)

Direct vs. Indirect

SOME banks pin their faith on the direct loan plan against all other ways of building volume in the automobile financing field. And some banks with equal vigor maintain that the way to do more financing of more automobiles is through the dealer. Many banks, of course, are right in the middle of the road. They do both.

Two banks each in Pittsburgh, Pennsylvania, and Cleveland, Ohio, operate on opposite sides of the same street, one using the direct loan plan for building up automobile financing volume, the other soliciting the dealer for his automobile paper. All four banks have explained their particular preferences, which should provide a reasonably complete appraisal of the two views. Three of these banks are among the hundred largest in the United States; the fourth is slightly over the border into the second hundred.

WE BELIEVE the dealer should handle the financing," says the National City Bank of Cleveland in bold, black letters on the front of an eight-page folder explaining to dealers why this is the policy of the bank's consumer credit department. "We believe that dealer-financing of new and used cars is the most practical plan for us, most satisfactory for the dealer, and saves the car buyer time and trouble. We see no reason why financing habits, established since the early days of automobiles, should be drastically changed in order to provide low-cost bank credit for your customers," National City tells its dealers. "This is a policy adopted originally by The National City Bank . . . a policy we have continually hammered home to your customers and ours. We have invested thousands of advertising dollars in urging car buyers to 'Ask your dealer about National City financing.'" That National City means what it says is amply supported by the samples of its advertising reproduced in the folder.

THE Cleveland Trust Company, on the same street, does not solicit dealer financing. I. I. Sperling, assistant vice-president, explains it this way:

"In September of 1946, our bank determined to broaden the scope of its automobile financing to take advantage of its branch set-up and provide for our customers and others a low cost direct loan plan for the purchase of automobiles. Previous to that time we had operated exclusively on an indirect plan, i. e., buying paper created by automobile dealers and competing with other banks and finance companies for this business by the payment of reserves.

"We found that many of our customers who came in to see us about credit approvals were diverted to other finance plans by dealers to whom we sent them, because of larger reserves that were offered due to a highly competitive situation existing in Cleveland, and that obviously through no fault of ours, customers of the bank were unable to get Cleveland Trust financing when it was requested and wanted.

"In view of the very definite changes that have occurred in financing both as to size of transactions and sales practices which seem to be cropping up, it seemed advisable to offer a new low cost direct loan plan in Cleveland. Our experience has far exceeded our original expectations and we have learned definitely that the public, if permitted a preference, would rather do business with a bank than through any finance plan a dealer might offer.

"In spite of the handicaps that would naturally occur from such a step as we took, we have been able to maintain a position where we are financing today approximately 16 percent of all new cars financed in this area. This is comparable to our experience under the indirect plan in the pre-war era. This is undoubtedly due to the several natural advantages which we have; one, 50 banking offices staffed with personnel thoroughly acquainted with the procedures involved in personal loan lending; two, our ability to offer a convenience from the standpoint of the borrower that has no equal in this area; three, the establishment of a new low rate for financing which has had its effect on the entire financing rate structure in the Cleveland area as it is possible now for any automobile buyer who demands it to obtain a low rate; four, over 700,000 depositors—a wonderful prospect list when cars are available; and five, quick service in passing on applications.

"While before the war only about 25 percent of our automobile business was in new cars, this is now running better than 50 percent. We have, for the first time, absolute control of credits and selection of risks (and they are double the size in dollars) without having to take into consideration the possibility of losing a dealer's business for failing to negotiate borderline risks which under today's competitive conditions have to be taken without recourse.

"Banks are fortunate in that the public seems to have a greater regard for the obligation incurred and the necessity for promptness in paying monthly payments. It is one of the basic reasons for low losses in instalment credit which have been enjoyed by banks. That relationship permits banks to advance funds for the purchase of a car with the borrower's promise that he will send the title in as soon as he gets it. Funds are advanced against a trust receipt so that the buyer goes into the car purchase with cash. The possibility of diverting the prospect to other financing arrangements is virtually eliminated. In several thousand transactions already handled by us we have had no abuse of this special consideration given the auto buyer. The answer is that we are making a loan to buy a car, not financing a car which happens to have a buyer.

"This is definitely quality business—and the public is more and more interested, it seems to us, in doing business the bank way."

THE two Pittsburgh banks, located on opposite street corners, are not quite so opposed in viewpoint. However, each feels that one method of financing automobiles has advantages over the other, and each has faith in a different method.

Farmers Deposit National Bank characterizes itself as a "Johnny Come Lately" in the instalment loan field, with its personal credit service in operation for only slightly over a year and a half.

"We like and subscribe to the direct-to-consumer method of financing, because in our judgment, it is the only method which permits giving a customer all of the favorable features of bank financing. It permits an attractive rate or discount because the proceeds of a time sales loan under this method does not have to be shared with someone else. It also gives the bank exclusive control over its credits, policies, and procedure. It permits a bank to operate a one rate shop.

Automobile Financing

"It was only after long and careful deliberation that the directors and officers decided that this (personal credit) service was necessary to round out the bank's facilities to its community of customers," says the bank. "Before reaching this decision, all phases of instalment lending, and all media for acquiring business were carefully surveyed and studied. Since rounding out the bank's services to its customers was the primary consideration and objective, it was the consensus that the direct-to-consumer method was the best approach. Shortly after entering the field, a number of prominent insurance agents approached the bank with the suggestion that it broaden its scope and coverage of the automobile market by extending to agents generally the services and facilities of the Bank and Agent Auto Plan.

"Since this plan did not in any way conflict with the basic principles of direct-to-consumer financing, it was made a part of our service. Subsequent developments proved that this was a wise decision as, thus far, the greater portion of our penetration into the automobile time sales market has been accomplished under the Bank and Agent Auto Plan, and it is our considered opinion that following the direct-to-consumer method exclusively is a tough row to hoe, particularly when a bank is starting from scratch. As time goes by, however, and we build up a good file of satisfied customers, the direct method of acquiring business should become more productive.

"It is rather difficult to forecast the ultimate productivity of the direct-to-consumer approach, because it seems as though Mr. John Q. Public has been thoroughly educated and indoctrinated with the idea that some intermediary should handle all the details involved in arranging the time purchases of an automobile, appliances, etc. Perhaps this is due to the fact that the time sales finance company's domination of the instalment field for the past 20 years or more has firmly established the custom of looking to the seller to arrange for the financing and insuring of the products sold.

"Working under the Bank and Agent Auto Plan, we have the advantage of having insurance agents act as intermediary and these agents promote the advantages accruing from the use of the plan. These agents are our bird dogs, so to speak. They do all the promotional and leg work necessary to flush out the prospective buyers of a new or used car, and bring them within our zone of influence and range. We provide the promotional ammunition without cost to the agents. They, in turn, send these promotional pieces out with statements, personalized letters, and in some instances they are used as handouts.

"Once a prospect is developed by an insurance agent, we take over. The procedure is for the agent to bring the customer to the bank. An interviewer takes the application, processes it for investigation and approval. Some agents like to be advised by phone of our decision, and others prefer that we advise the customer direct either by mail or telephone. In the present market a large percentage of the loans are approved far in advance of the delivery date and, in many instances, we have had applications held in abeyance for six months or more.

"It is our considered opinion that the Bank and Agent Auto Plan will one day generate an important volume of automobile business, but this day will not come until the

production and distribution of automobiles returns to normalcy, and the present high loss ratio experienced by automobile insurance underwriters is reduced to the point where this type of insurance will again produce a profit. One of the bigger and more difficult problems currently confronting us is the 'iron curtain' of resistance dealers everywhere have built up against any type of financing which takes away from them the plus income in the form of reserves, acquisition bonuses, etc., they have been receiving throughout the years from time sales finance companies."

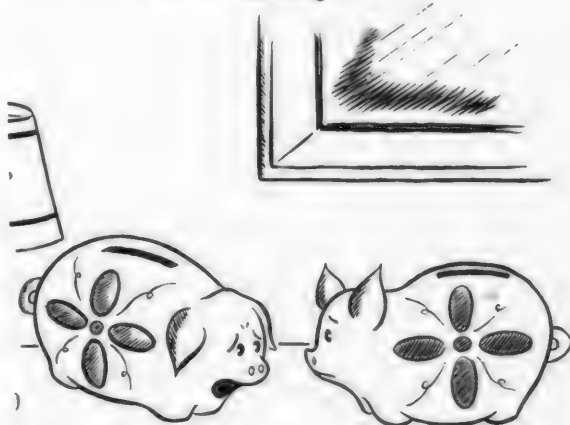
SAYS the Peoples First National Bank & Trust Company of Pittsburgh: "At the present time we are engaged in both a direct and indirect automobile financing operation. In other words, we promote and handle direct loans to our many customers for the purchase of new and used cars and we also work through reputable dealers and discount their instalment paper for similar sales. Despite the unusual competitive situations which exist today in all sections of the country and particularly in Pittsburgh, we have been successful in securing a reasonable share of the available financing business and we have every intention to continue both the direct and indirect methods.

"We believe, however, that the indirect or dealer method has advantages over the direct-to-purchaser plan. In the first place, we have come to the conclusion that the dealer method will eventually provide a substantially greater volume of such financing primarily because sales of this nature are closed at the point of sale and not at some distant point. In other words, when active selling efforts are resumed in the automotive field we believe that the purchaser will be easily persuaded to sign his contract upon making his decision to buy the car and that the dealer will emphasize the simplicity of completing the transaction then and there.

"Secondly, we believe that the dealer method gives us a

(CONTINUED ON PAGE 83)

"I feel lousy—Somebody must've fed me a slug"



Miller

Keep Operations Simple

Mr. BROWN is assistant cashier of The American National Bank of Nashville, Tennessee.

As banks have become interested in providing a consumer credit service for their communities, bankers have seen the picture in different ways, some optimistically, and others over a mountain of detail work which they did not care to do for the profit involved.

The organization of a finance service can be very simple or complicated in personnel and detail involved, depending on the volume of business and the manner in which it is serviced. A bank soliciting retail paper from dealers will need a more diversified personnel than one which does business only on a direct-to-consumer basis.

When The American National Bank, Nashville, Tennessee, began its present consumer credit operations, the bank employed an experienced automobile finance man, who worked with one of our younger officers in getting the department organized. Together they gathered in all instalment loans from the branches and the main office and began servicing them from a central location. The branches continued making instalment loans and feeding them into this department, as did all lending officers.

Other experienced finance men were added from time to time as the volume grew and they were assigned to soliciting certain types of retail paper from dealers. Today, two men are calling on automobile dealers, two others on electrical appliance dealers and dealers using FHA Title I loans for the sale of their products or labor. All of these men are trained in their respective fields of operation. Another man, a former aviator, is assigned to develop business with airplane dealers. The volume in airplane financing has been small up to now but we have gained some valuable experience

that will be helpful when there is a profitable volume. The same man has also given some thought to motor boat financing, and, although we have had no retail paper as yet, we have floor planned some boats for our dealers.

When returning servicemen began applying for loans under the GI Bill of Rights, a returned veteran, an officer of the bank, was assigned to this phase of our program. To date this volume has been only a million and a quarter, but we feel the bank has been of real service in this respect.

Other returning servicemen, on leave from the bank during the war, were placed in charge of different phases of the operation, two on collections and checking inventories on floor plan, one on office management, and, as volume grows, other personnel will be added and trained in their respective work.

All of our men so far have had previous experience in banking or financing and each is learning from the other the ways of a finance business. The same is true of our clerical help. There are at least two girls that know each job and all are working together in the most efficient manner.

The system and equipment used in different operations will vary as will the personnel. We carried a \$500,000 outstanding on a single card system and it was very satisfactory. After getting into a larger outstanding, more expensive equipment was installed, carrying the visible card in a sliding tray. Postings are made without removing the card. For a smaller number of accounts, we believe a card or ledger sheet on which payments are posted by a bookkeeping machine is efficient enough and is not too expensive for even a small bank to install. Expensive equipment is not necessary unless outstandings climb to a million or more.

One of our biggest problems has been to overcome the lack of faith in a bank program on the part of the borrowing public and the dealer selling on time. Business with a bank has been long regarded by the average person as only for the rich, and it's true that the wealthier person has been the bank's best customer.

Not so long ago many merchants selling on retail contracts had them thrown back by the banks. They now hesitate to depend on the bank for servicing their paper. We have had to demonstrate our service by taking "marginal" paper along with the good, and getting checks for the proceeds back to the dealers the same day the contracts were signed by the purchasers.

Prompt service on approving credits, discounting the contracts, and an efficient collection service are winning the dealer over on retail credits to the same bank where previously he only deposited his funds, maintained a safe deposit box, and borrowed his commercial loans. The businessman prefers to do all his business at the same place, making for efficiency in his operation.

Competition between the banks and finance companies benefits and elevates the standards of both. With the credit and banking needs of all levels of society well served, American banking should become more essential to the masses and thereby eliminate the necessity of control or competition by government agencies. We are learning that service has a broader meaning than we have ever known before.



"She looks plenty, er, solvent to me, Chief"

Sound Terms for Consumer Credit

A STANDARD of what it considers sound terms for the extension of consumer instalment credit has been set by the Committee on Consumer Credit of the American Bankers Association, as a suggested guide for the country's banks, if and when government regulation should be eliminated. The terms, compiled "in view of economic conditions now existing," cover consumer durable goods financed on an instalment basis and personal instalment loans, according to Carl M. Flora, chairman of the Committee and vice-president, First Wisconsin National Bank of Milwaukee. (For terms, see below on this page.)

"Our Committee recognizes the necessity of keeping the terms on instalment credit on a sound basis. Excessive debt should not be made attractive and merchandised. The days of a dollar down and a dollar a week should not return. From an economic standpoint merchandise is not actually sold unless it is paid for and retained by the buyer. To encourage people to buy goods that they cannot afford would be wasteful and destructive to the American economy."

"However," Mr. Flora pointed out, "it should be clearly understood that the extension of consumer credit is a highly flexible and personal matter. The soundest extension of this credit depends upon a number of factors: the character of the borrower, his income, his obligations, the stability of his employment, local business or agricultural conditions, his ownership of liquid savings—to mention a few. Therefore, any terms suggested by our Committee would be only for general guidance of the banks because the terms of each individual loan should be tailor-made to fit the circumstances of the individual borrower. . . .

OUR Committee is keenly aware that [bank] leadership carries an obligation and that, in urging the elimination of governmental control of consumer credit, banking assumes the responsibility for extending this credit in a constructive manner.

"In banking we recognize that the social significance of consumer credit transcends all other factors in importance," Mr. Flora stated. "While this type of credit is beneficial if properly used, it is unusually susceptible to abuse; if exploited the social results would be unfortunate.

"Our Committee realizes that within the next few years there may be pressure to extend this credit on a more liberal basis than ever before. Bankers know that credit creates debt and that when an individual becomes indebted to the point that his budget is not manageable, the extension of credit has been harmful instead of beneficial.

"One of the major jobs in our economy in the next few years will be to distribute a large volume of consumer goods. Manufacturers need a market for their output to sustain their production and employment. Consumer credit has created mass markets and made possible mass distribution of durable goods. It is evident that this credit will necessarily play a leading role in maintaining our economy on a high level.

"However, as bankers we understand what this credit does and does not do from an economic standpoint. Through the enforced savings of instalment payments it channels the purchasing power of millions of American families into worth-

while purchases of durable goods. Many of these families would never have acquired these goods if they had been forced to save the entire amount in advance, as the normal expenses of living would have absorbed most of their incomes. By buying durable goods prudently out of current income millions of Americans have enjoyed home ownership, automobile transportation and labor saving devices. Consumer credit has enabled these families to enjoy a higher standard of living than they could have otherwise achieved. In addition, the mass production of durable goods made possible by instalment credit has resulted in substantially lower prices which has permitted many more families to buy these goods than if they had been manufactured in small volume for only the cash buyers.

HOWEVER, we clearly recognize that instalment credit does not create new wealth. It simply permits buying out of future income. It is not a magic cure-all or panacea for all the problems of distribution and unemployment. Any extension of consumer credit is definitely limited by the earning power of the individual and how much debt the individual can safely assume.

"Banking accepts its responsibility to business and industry to provide an adequate flow of consumer credit to enable merchants and dealers all over the country to sell the maximum volume of goods that can be properly and profitably absorbed in their communities. Banking realizes its duty to its many millions of customers to provide them with the necessary instalment credit they need whether for the purchase of durable goods or for any other useful purpose.

"Our Committee," Mr. Flora said, "has carried out a nationwide program for the past five years to assist the banks of the country to develop new techniques to meet more efficiently the credit needs of individuals and small business in the postwar period. From the activity reported by the banks of the nation on instalment credit, we believe that banks will continue to meet adequately the credit needs of the American people, and at the same time exert their influence to keep this credit on a sound basis in their communities."

Suggested Terms for Instalment Financing

(Articles Costing \$2,500 or Less)

Class of Business	Minimum Down Payment	Maximum Terms
(1) Automobiles		
(a) New Cars	33⅓%	24 Months
(b) Used Cars—1946 and later	33⅓%*	18
(c) Used Cars—1940-41-42	40 %*	15
(2) New Household Appliances (Minimum monthly payment—\$7.50 Minimum down payment—\$15.00)		
(a) Refrigerator, Gas and Electric Ranges, Washing Machines, and Ironers	20%	36 Months
(b) Radios, Phonograph Combinations, and Other Appliances	25%	18
(c) Television Sets	25% plus 18 installation cost	

*Based on sound retail value as stated in standard used car guides.

Trends in Bank Employee Pensions

W. B. DUNCKEL

The Bankers Trust Company of New York, of which MR. DUNCKEL is vice-president in charge of the pension division, is a leader in the pension trust field.

IN AN effort to determine the extent to which the banking business has adopted any form of retirement system for its employees, Bankers Trust Company recently undertook a survey of pension practices in banks throughout the nation, the results of which were published in July.

The study was made with the cooperation of nearly 700 banks which supplied data for use in the study.

In the belief that best results, with enough detail in analysis, would be obtained by drawing an arbitrary line somewhere among the 14,000 banks, it was decided to limit the survey to those with deposits of \$22.5 million and over; it was found that such a line would include employee groups ranging from 35 to 12,000 and would actually cover approximately two-thirds of all bank employees in the United States. To this group have been added, for separate analysis, the plans of 10 state banking associations, comprising 454 banks with 8,066 employees. With the exception that three state savings bank associations' plans were included with the study of association plans, no mutual savings banks were studied in the detailed analysis of bank sponsored plans.

This study was likewise conducted to discover the types of employee retirement systems in use. This phase of the work showed that actually there are 226 different plans in effect, not including the group plans undertaken by associations, or the plan of the Federal Reserve banks, which has also been included in the analysis.

Before taking up the discussion of the findings of the survey, it is interesting to report that while banks were among the first employers to adopt employee retirement plans, the development was relatively slow from 1889 until 1942. Between 1942 and 1947 we found that 177 new plans were put into effect from among our "study-group" of 688 banks. Of this total number of banks, which we queried for our analysis, only 112 had formal pension plans prior to 1942; 290 banks had no formal plans; 31 banks had profit sharing plans designed to be used for retirement rather than incentive purposes; and we assumed that the 78 banks not replying to our survey had no plans. For the sake of the record let me point out that a breakdown of banks actually shows 700 banks in the \$22.5 million and upwards classification, but we

found that there were 12 closely affiliated institutions in the group, so that we directed our questionnaire to only 688 banks. A breakdown of the 289 banks with formal plans by year of adoption is shown in the table below, left.

Under the state associations we found that 169 banks came under pension plans during the 1942-1947 period, or slightly more than one-third of the total banks so covered, representing 25 percent of the total employees covered by these group plans.

In presenting this study, which is available to bank officers and directors upon written request, we added a convenient method of finding the approximate cost of a pension plan because of the widespread interest we found in the cost factor among banks and bankers throughout the country.

The study itself is a valid summary, we believe, of the general situation in all sections and districts, although the growing number of bank-sponsored employee retirement systems may make feasible a future study embracing a somewhat broader cross section including representation of individual institutions below the \$22.5 million deposit mark.

Having summarized the background against which the study was conducted, let us look at some of the findings which of necessity we will have to highlight in this review.

It is interesting to find, for instance, that many banks which do not have a formal pension plan actually provide on an informal basis, for the support of retired employees and oddly enough these informal arrangements, without advance promise or commitment by the bank to the employees, actually cost more than would the operation of a regularly established pension system.

Also noteworthy, and something which in the administration of both bank and industrial retirement systems we have found to be true, is the fact that plans are and must be constantly revised. This fact emphasizes the importance of a continuing study of the pension practices of any institution in the light of changing conditions. For instance, we found that there was very little agreement on all major pension plan provisions, with the result that there are 226 different plans in effect in the 289 banks listed as having formal plans. Of those plans adopted since 1942, 59 are pension trusts, 28 are group contract plans, and 42 are individual insurance or annuity plans. The insured method was used to a greater extent among the smaller banks than among the larger, as will be seen from the table below.

Year Adopted	Number of Plans	Percent of Total
Prior to 1942	112	39%
1942	9	3
1943	16	5
1944	43	15
1945	62	22
1946	31	11
Up to March 1947	16	5
	289	100%

	Pension Trust	Group Annuity	Individual Policies	Total
List 1	2	2	—	4
List 2	14	—	1	15
List 3	11	7	9	27
List 4	18	8	6	32
List 5	14	11*	26	51
Total	59	28	42	129

*Including three group permanent plans

Revisions of previously established plans are an important and continuing development, and lead to the conviction that there is no one "ideal" method or system. Each method, each type, the inclusion or exclusion of various features possess distinct advantage or disadvantage for an individual institution. Care should be taken to select the method which best suits the individual requirements—and individual aims—of each bank.

Our study includes a tabular analysis of the 226 formal plans, covering such things as numbers of employees, eligibility requirements, retirement ages, employee contributions and benefits. This will enable bankers to study in detail the plans now in use in all parts of the country, and by banks of various sizes. For convenience, the list is broken down by deposit categories, ranging from institutions with deposits from \$22.5 million to \$50 million and ranging upwards to banks with deposits in excess of \$1 billion.

There seems to be no pointed interest in pension plans centered in any particular category of banks. We found that 32 percent of banks between \$250 million and \$1 billion established plans during the 1942-1947 period, while among the smaller institutions, in the \$22.5-million to \$50-million group, 20 percent added retirement systems during the same period.

WE DID NOT treat profit sharing retirement plans as "formal" plans for the purposes of this study, since there is no actuarial feature to such plans, and there is not necessarily any rule governing assignment of profits to the retirement account of individual employees. In the group studied only 31 had such an arrangement, and these usually provided that an account be maintained for each employee to which a share of profits is assigned each year. Interest in this type of retirement plan is fairly localized, with 10 percent located in Federal Reserve District 7, and the remainder divided substantially among banks in District Nos. 5, 3 and 2. There were no such plans at all in three districts.

Most banks without formal plans have some kind of informal retirement system, which is subject to some degree of discretion. There are 26 banks in this group, however, that have evolved a pattern which is more or less standard, while 37 are guided by merit and need. In nearly all these informal plans, pensions are based on *final* salary, while in most formal plans the pensions are figured on an *average* salary over a long period of years. The most common "informal formulas" found in the survey are those that call for (a) 50 percent of final salary; (b) Social Security plus an amount to equal 50 percent of final salary; and (c) 1 percent of final salary multiplied by years of service. As has been said, under such plans the actual annual cost is often greater than that required to establish a formal plan for all employees, utilizing actuarial average costs.

There is much interest among various bankers' organizations in group plans involving more than a single institution. As has been said, there are currently 10 state bankers associ-

ations, including three savings banks groups, which now conduct a group plan for member institutions. This is a fairly recent development, the first of such plans having been established 10 years ago in Illinois and New Jersey. In addition to these 10, three other associations—Oregon, Maine, and Michigan—have undertaken pension plans, and although no information is currently available on the Oregon plan, Maine and Michigan are not group plans, but rather involve the use of individual policies, and the plans must be established by each bank. The studies of these two associations, while facilitating the establishment of a plan by individual banks, still require that each bank employ a pension specialist and administer its own system. The other plans, by contrast, provide an association sponsored set-up which relieves the individual banks of the technical details of installing and administering separate pension plans. The advantages inherent in such a set-up, particularly for small banks, is obvious. The four largest association plans, embracing 4,275 of a total of 8,066 employees covered by all such plans, are administered by boards of trustees, a majority of whom are elected by the participating banks. The two plans operative in New York State—i.e., the plan of the New York State Bankers Association and the Savings Banks Association of the State of New York—are funded by the pension trust method, and were voluntarily placed under the supervision of the State Insurance Department.

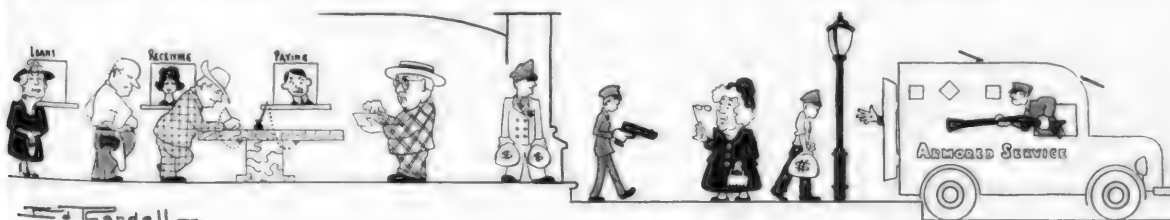
While there are broadly accepted standards for eligibility, benefits, or other factors involved in a retirement system, very few plans agree on the details of such provisions. There is one thing that is fairly common to all plans, and that is a retirement age of 65, with some provision in many plans for earlier retirement.

ALL such variances, as well as an analysis of the common denominators that have been found, are covered in the tabular breakdown mentioned earlier. However, before taking up what seems to be the most popular query regarding pensions—i.e., "How much do they cost?"—it might be well to touch briefly on some of the factors involved in pension plans and discuss the way in which they have been handled by various banks.

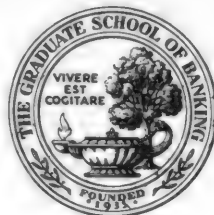
As regards vesting of rights in the pension funds, there is a wide discrepancy among the 226 formal plans studied. Seven provide that rights vest immediately upon an employee's entry into the plan, while 48 never fully vest pension rights until normal retirement age or until actual retirement—whether early or following normal age. The 171 other plans provide for vesting under various conditions, but in general it can be said that vesting under pension trusts has been more restrictive than under insured plans, and that the larger banks are more restrictive as a group than the smaller banks.

Prior to 1941, almost all bank pension plans required employee contributions. Since 1942, however, the trend is

(CONTINUED ON PAGE 124)



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1947

The Graduate School of Banking

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LaVerne J. Wetherbee

James G. Wing

Thomas Ray Wirsing, Jr.

Herbert A. Wood

Philip Woollcott

Eugene R. Wuerfel

Walter C. Wulff

J. Warren Ziegler



In the cut at the left are, left to right, the graduating class' Permanent Secretary Greene, Dr. Stonier, the class' President Clark and the new member of the board of regents, Walter W. Kennedy. (See story below.) In the cut at the right is shown a panel in operation, consisting of, left to right, Associate Director Irwin, Ralph D. Griffin, vice-president, Mercantile-Commerce National Bank, St. Louis, and Frederick W. Hetzel, vice-president, The Trust Company of New Jersey, Jersey City. The student being examined is Charles W. McCoy, City National Bank & Trust Company, Columbus, Ohio

Record-Breaking G. S. B. Session

THE 1947 resident session of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, was a record-breaker. The enrolment, totaling 908 bank officers, the graduating class of 227 men and the freshman class of 424 all set new high marks.

Here are other highlights of the two weeks, June 15-27:

A memorial seminar honored the late General Leonard P. Ayres of Cleveland, who had been an annual speaker at the School since its first year, 1935. Director Harold Stonier announced establishment of the Ayres Leadership Award, which will be conferred at appropriate times on a student or alumnus who makes "an outstanding contribution to banking and the national welfare." The seminar speaker was Russell Weisman, chief editorial writer of the Cleveland *Plain Dealer*.



At another evening seminar J. B. Hinton, Director of Studies Institute of Bankers, London, addressed the students.

The Richard W. Hill Award went to Gustav K. Osterhus, chief trust examiner of the Federal Reserve Bank of New York. This is presented annually to the oldest member of the graduating class as a testimonial to his diligent interest and belief in adult education and in recognition of his inspiration to younger students.

The Class of 1947 elected G. Russell Clark, assistant manager of the New York Clearing House Association, as its president, and Fred W. Greene, executive secretary of the North Carolina Bankers Association, as permanent secretary.

The class also elected Walter W. Kennedy, executive vice-president of the First National Bank, Montgomery, Alabama, to the School's board of regents.

Diplomas were presented to the Class of 1947 on the evening of June 27 by Loring L. Gelbach, president of the Central National Bank, Cleveland, who is chairman of the board of regents. Director Stonier delivered the commencement address.

Left, a step in the life of a diploma—the signing by Registrar Powers. Miss Mary Smith of the A.B.A.'s Wilmington office is holding the sheepskin in place. *Below*, a panel discussion under the chairmanship of Robert Taylor of the A.B.A. staff (in shirtsleeves) and including (left to right) Students (all Class of '47) E. R. Alexander, I. E. Sage, E. A. Berndt and J. J. Harrington



THE INVESTMENT MARKET

H. EUGENE DICKHUTH

MR. DICKHUTH is a financial writer on the staff of The New York Herald Tribune.

THE general economic situation affecting the investment markets showed mixed trends in July. The pessimism which has pervaded the financial district for so long was dissipated somewhat by a preponderance of inflationary considerations. There were two prime motivating factors. One was higher wages for coal miners achieved by John L. Lewis which conjured up a new series of price rises. This was accentuated by the increase in steel prices which followed almost immediately.

Secondly, the suggestions of Secretary of State George C. Marshall for a coordinated European rehabilitation plan left no doubt in anybody's mind that somewhere within the scope of the blueprint which may emerge from the international discussions, the United States will be called upon for financial and economic assistance over and above the credits now on the books.

Inflationary Implications

While the desired result of stimulating production on the Continent is regarded as all to the good, the implication of further large scale credits by this country was held to have inflationary implications. A similar effect on the minds of financial men had passage of the new rent law permitting "voluntary" increases of 15 percent as well as the steady deterioration of relations between the East and the West.

Indeed, President Truman's request to lower prices was almost forgotten in this chain of events, except for continued propaganda along those lines by small business groups now feeling the brunt of buyers' resistance or inability to cope with current prices. Sharp curtailment of replacement orders by retail establishments has taken place in many lines, much to chagrin of manufacturers and distributors. This very uneven economic trend has been appraised with a good deal of caution by the markets.

Government Bond Market

The government bond market remained narrow. Some of the long term issues have been edging off in several instances near the lows for the year. The market as a whole was quiet and steady and unaffected by the congressional vicissitudes of income tax legislation.

As expected in informed quarters, the Government's fiscal year ended on June 30 with a surplus. Even though many non-cash items were included in the compilations, the actual budget surplus was reported at \$754,000,000. One of the reasons for the good showing and for the first balanced budget since the middle of Hoover Administration, was that tax receipts exceeded estimates by a considerable margin. In fact, they were \$221,000,000 higher in the fiscal year ended June 30 last than in the preceding 12-month period. There are strong hopes in financial quarters for a continua-

tion of budgetary surpluses regardless of tax cuts, of the Marshall Plan and of the international situation.

International Bank Debentures

The International Bank for Reconstruction and Development, somewhat overshadowed by other events, has meanwhile solved its most pressing legal and operational difficulties with respect to its first \$250,000,000 offering of debentures, split between 10-year maturities for banks and 25-year obligations for institutional investors. The securities carry $2\frac{1}{4}$ and 3 percent interest, respectively. The securities are listed on the New York Stock Exchange and registered with the Securities and Exchange Commission.

The definitive world bank debentures are bearer coupon bonds in denominations of \$1,000, \$10,000 and \$100,000. Also fully registered bonds in denominations of \$1,000, \$10,000 and authorized multiples.

Treasury Bills Unpegged

The long advocated and much debated unpegging of Treasury bills is now a reality. The Federal Reserve Open Market Committee announced on July 2 it would leave 90-day bills issued after July 10 free to find their own rate level in the money market. This represents a departure from the last five years when the committee has held the rate on Treasury bills at three-eighths of 1 percent by its offer to repurchase them at any time at that rate.

The change did not affect bills issued prior to July 10. It was conceded from the outset that this move would lift rates to somewhat higher levels and there was a good deal of disappointment that the average bid of 0.594 for the first issue of unpegged bills was not higher.

Since the Federal Reserve banks hold the lion's share of all such outstanding obligations, they were consequently accused of maintaining a continued artificially low rate. At first, therefore, the banks did not display a great deal of interest in unpegged bills and it is unlikely that they will unless the rate rises to about 0.75 percent. It was contended in banking quarters that an unpegged Treasury bill should sell at a premium over a certificate of the same length to maturity.

There is good reason to believe that this development is part of the Treasury and Federal Reserve strategy; namely, to discourage commercial banks from bidding for any kind of Treasury securities and thus to stem any further monetization of the debt.

It is fairly obvious also that unpegging means the end of the former procedure of shifting bills in and out of the Reserve System in adjustment of commercial bank reserve positions.

Instead of using surplus funds for the purchase of securities, the banks may now leave them with the central banks or use federal funds for adjustment operations.



HERBERT BRATTER

CHARLES PHELPS COHEN

This "Dollar Shortage"

WASHINGTON

STOCKHOLDERS in international cable and wireless companies should receive handsome dividends this year, thanks to the constant use of the phrase "dollar shortage" in the news reports from abroad. Just who first hit upon this felicitous slogan, research has not disclosed. In an ordinary bank, of course, the phrase has a special meaning. But, the way the expression is being used by government leaders, columnists and editors here as well as abroad in connection with international economic relations, the implication is that not the bank but the bank's customers are "broke"; and it is the bank's duty to balance the customers' accounts by enough loans and gifts to make up the difference and close the "gap."

"Dollar shortage" means merely that the desire abroad for things the American dollar will buy in the United States far exceeds the supply of dollars available to make such purchases. The wants exceed the means to pay, by and large. Even this statement needs some qualification. France, for instance, one of the most anxious pursuers of the almighty dollar, has laid away quite a sizeable sockful of gold in the central bank which it simply does not want to use if it can borrow or beg; and this doesn't take any account of the very considerable foreign assets which French citizens individually have and hold beyond their Government's reach. Furthermore, according to the recently published annual report of the Bank for International Settlements, it is estimated that at the beginning of 1947 private gold holdings in France reached the high figure of 3,000 tons, equivalent to about \$3.4 billion, or nearly five times as much as the gold reserves of the Bank of France.

Gold Holdings

In an analysis of the dollar "crisis" the National City Bank of New York shows gold holdings outside the United States and the World Bank and Fund approximating \$15 billions, compared with only \$10 billions in 1940; while at the same time foreigners held dollar balances of about \$5 billions in May.

As I write this, I have before me a large handful of British and American press clippings on the dollar shortage. If a central intelligence were planning a world campaign to convince the American public that it is this country's responsibility to close the gap between foreign wants and foreign means it could hardly be more successful in getting space in the news columns. If one spoke of shortages of coal and raw materials, of railroads, factories and homes abroad, it would mean what "dollar shortage" means; but it would not half so well point the finger in this direction. "Dollar shortage" seems to imply that the only element that is missing is the one which the American Treasury can supply.

So one reads in the words of Britain's Lord President of the Council how the shortage of dollars is forcing in many countries a downward spiral in international trade. It happens that the United States for years now has been sustaining a large "favorable" balance of unrequited exports. This is a wholly abnormal situation. If maintaining world trade means indefinite gifts and loans by this country, there will have to be some downward adjustment of the volume. That, of course, will mean some contraction in employment and production here in the affected industries; which explains why it is that in those circles the foreign clamor for dollars evokes the desired response from those who want to make and export the goods the foreign countries cannot pay for.

Foreign Aid Means Butter and Eggs

I happened to be in England when lend-lease was cut off in 1945. The typical British reaction was that of anger, as illustrated repeatedly since by the recriminations in the editorial columns of *The Economist* of London. Everywhere in England the people knew what lend-lease meant to them. They saw it three times a day on their tables in the form of meat and eggs. And they appreciated the lift it gave to their wartime national budget; the relief to their already very burdensome personal taxes. In this country, recently, there have been signs of growing awareness of the meaning of foreign aid to the individual American. The other day, when there was

talk of Washington restaurants going back to meatless menus, a fellow member of the Press Club remarked: "You know, I never quite realized before that these foreign loans are coming off our tables."

You see the same realization in former Under Secretary of the Treasury John W. Hanes' analysis of the 1946-47 budget results announced early in July. The \$754,000,000 surplus would have been \$2,050,000,000 larger, had there been no British loan withdrawals. And on the surplus depends tax policy. Those abroad who have been talking of a "threatened dollar famine" may think they see this country's duty clearly. Yet, while this Government has made clear in the pronouncements of the State Department, culminating in Secretary Marshall's June 5 address at Harvard University inviting Europe to coordinate its recovery efforts, that we are ready to give even further help, it is implicit in press conference remarks of Secretary of the Treasury Snyder that the world is not being offered life membership on the congressional appropriation committees. Perhaps he was trying to suggest a new motto: "No representation without taxation."

This Country is Fed Up

The biggest factor in the foreign aid picture at this writing is the American Government's promise to do what it can for Europe, if Europe first does what it can for itself and develops a continental plan. What the Marshall speech at Harvard signified was that this country is fed up with the chaotic situation resulting from the impossibility of reaching an understanding with Moscow and is prepared to confess, if necessary, that there are really two worlds and act accordingly. Europe then becomes two Europes, Eastern and Western, and an integral part of the Western part must be the three Western zones of Germany.

Logically, therefore, since the economic unification of all four zones of Germany in accordance with Potsdam has proved thus far unattainable, with Germany continuing to be a drain on the United States and Britain, Western Germany must be reorganized *de facto* as a separate country. By the time this is published a new and higher level of industry for Western Germany and a new currency indis-

pensable to revival of the economy will have been announced. Doubtless it was in the light of this as yet undeclared decision that the World Bank management in June undertook to examine the possibilities of helping European revival by creating a Ruhr Authority to which the bank might lend. Certainly this decision prompted the dispatch to Germany of the secretaries of Commerce and Agriculture and a business advisor of the Commerce Department, James S. Knowlson of the Stewart-Warner Corporation. The decay of ruined Germany has been a drawback to its neighboring countries. On its revival and self-support depends in part the recovery of its western neighbors who normally trade with Germany or profit from the transit trade. In May *The Economist* wrote of "the way in which British policy is being driven to consider reluctantly and clumsily the closer economic association of Western Europe around the west German nucleus."

A Pre-June 5 British View

In this connection, it is interesting to recall that *The Economist* anticipated Secretary Marshall's proposal when it suggested that the wealth of the New World could be brought in "to redress the balance of payments of the Old" by a closer association of the countries of Western Europe. "And if the difficulties in the way are simply the unreasonable recalcitrance of the Europeans, let the United States use its great power to knock their heads together and impose agreement; there are plenty of Europeans who would welcome American dictation if it were for a good cause. But it does not behoove the Western Europeans simply to wait in attitudes of passive despair for their salvation to be thrust upon them. Those who remember the strenuous crises of the war will recall that President Roosevelt succeeded in launching lend-lease only after the Battle of Britain had been fought and won. The countries of Western Europe must similarly show, this time, that they have done all they can for themselves, and they might conceivably do much good, if they were to tackle the job together."

In deference to those who think that not only other countries' needs from us but also our capacity to lend and give

(CONTINUED ON PAGE 111)

A recent harvest scene in France. The day's work of farmers all over Europe has more bearing than may be realized on tax bills in the United States



AUGUST 1947

WIDE WORLD



Harvesting lemongrass in the Everglades

Muck Makes Millions

HAROLD SEVERSON

This article was written by Mr. SEVERSON while he was associate editor of the Southern Agriculturist. He is now on the staff of The Rotarian.

IF YOU want to bolster your faith in the American pioneering spirit and the private enterprise system take a look at what is happening in the Florida Everglades. Here is proof that neither is dead, decadent or mesmerized. Reclaimed portions of the Everglades are teeming with productive agricultural activity, which has behind it the financial ministrations of three thriving banks.

In Florida they call it the "Glades" and claim there's no other farming section in this country equal to it. Sometimes they modestly refer to it as the "Eighth Wonder of the World," whereupon visiting Texans and Californians utter anguished cries and leap to the attack. It covers about four million acres down in the southern part of the state. It contains the second largest body of fresh water in the United States to provide wonderful fishing and devastating floods. It boasts some of the most fertile and productive soil in the entire world. Yet the greater portion of it still remains uncultivated.

A special kind of farming technique is required in this section. It's a land where nearly every kind of plant grows like mad—yet the soil needs careful mineral treatment. A farmer's main task is getting rid of excessive rainfall—yet sometimes the soil itself catches on fire and burns like a four-alarm blaze on thousands of acres. He even has to worry about the sun for it can cause the delicate organic soils to vanish through oxidation.

Today the Everglades ranks as one of the major winter vegetable producing sections in the United States. Several thousand head of beef cattle are fattened each year

for market. Thousands of acres of sugar cane are grown and processed into sugar and molasses at the huge United States Sugar Corporation plant in the heart of the Everglades. Root starch is also manufactured by the same concern at its starch house, also located at Clewiston. Vegetables by the hundreds of carloads and truckloads went roaring out of this section to help feed America's fighting forces and her allies during the war.

Yet only a quarter of a century ago, the Everglades was a great sawgrass morass fringed by broad cypress swamps and savannas and intermingled with pine land, salt meadows and the mangrove thickets of the coast. A rise of two feet in water level could change hundreds of square miles into swamps and shallow lakes. It was a land that attracted people wanting to fish, hunt and hide from the law. Farming was far removed from their minds.

It was only after the Everglades Drainage District was created that this picture was changed. Terms of the Swamp and Overflowed Lands Act of 1850 compelled Florida to drain and develop this great area which contains Lake Okeechobee. In 1907 the Caloosahatchee River was opened up by the digging of a three-mile canal on the west side of the lake, running into the river which led to the west coast of Florida at Ft. Myers.

This was only a start. Tremendous sums of money have been poured into water control measures. Today the cultivated areas of the Everglades are lined with large and small canals. Sub-drainage districts provide localized water control by means of embankments around their exterior boundaries to shut out extraneous waters. A system of lateral ditches is also used. These are spaced at half-mile intervals and connect with a collecting canal leading to a central point. Here a pumping station is located.

Without the aid of these powerful pumps, it would be impossible for vegetable growers to compete with the flooding six-, eight- and ten-inch rains which cover the great flat expanse of the Everglades. The big pumping stations are needed to pump excess water out of the area or to pump water back in when the water table falls below its proper level. The farmer himself needs small, semi-portable pumps for controlling water within his farm. He also must construct field ditches to connect with the larger canals and "mole drains" on his farm. These "mole drains" are about six inches in diameter and are placed on 15-foot centers about three feet below the surface. They run from one field ditch to another.

The muck soils of the Everglades have produced millions of dollars worth of vegetables, sugar cane, sweet potatoes and cattle. These dollars have helped build the banks that have had a share in making this achievement possible.

The oldest bank in Palm Beach County is the Bank of Pahokee at Pahokee, of which H. M. McIntosh is president. Its capital funds have grown from \$15,000 in 1922 to a total of over \$250,000. During its 25-year history, the Bank of Pahokee (pronounced "Poky" by jealous neighbors) has seen a steady growth in the Everglades.

"Over this entire period," comments President McIntosh, "the bank has loaned many millions of dollars to farmers, individuals and corporations. Losses on loans have been very nominal and compare very favorably with other banks in all parts of the country. West Palm Beach County is on a very stable basis at the present time and its chief production is the growing of vegetables, sugar cane and cattle producing, plus the growing of ramie."

When the terrific hurricanes of 1926 and 1928 devastated the Everglades, most Floridians figured the little village of Belle Glade was doomed. The story of the frightful deluge which killed scores of people and practically destroyed Belle Glade is graphically told in an article appearing in a recent issue of *Reader's Digest*. Yet a visit to Belle Glade shows the village quickly regained its bearings and has progressed.

Sugar cane grows tall in the Everglades



Hereford steers conditioned on improved pasture and molasses under the research cattle feeding project of U. S. Sugar

Today Belle Glade has something of the appearance of a western boom town about it. It has more of the atmosphere of a Colorado mining town or a Texas cowtown than of a typical southern town. People get a hustle on. They grow big crops and tackle big problems almost daily so there is little tendency to work at a more leisurely pace.

One of the directors of the Florida National Bank at Belle Glade is Mrs. Ruth S. Wedgworth. When her husband was killed by a huge ice-making machine that crashed down upon him, she took over the tremendous task of running their big vegetable farm, fertilizer plant, and packing plant. She succeeded and today, eight years after his death, is considered one of the "Glades" most astute growers and business persons.

Like the Bank of Pahokee, the Belle Glade institution is taking a keen interest in the development and processing of ramie, a comparatively new industry for this section. Milton L. Campbell, its president, says that the bank takes a keen interest in the experiments and demonstrations conducted (CONTINUED ON PAGE 119)

Close-up of ramie field near Clewiston



One Bank's Farm Operating Service

F. R. WARDEN

MR. WARDEN, vice-president of the Central National Bank and Trust Company, Des Moines, Iowa, tells in this article how his bank operates its farm management department.

COMPLETE farm management service is now offered by the Central National Bank and Trust Company of Des Moines, Iowa, through its trust department. Loren W. Cartwright, who has been a professional farm manager for over 16 years, is in charge of this service.

The farm management department was organized primarily for the purpose of servicing the farms in estates and trusts for the bank's trust department. However, we found in a short time that investment and non-resident owners were desirous of this service, so we expanded in order to take care of this agency business.

Farm management, of course, as the term implies, has to do with the organization and operation of a farm for continuous maximum production and profit, while, at the same time, conserving resources. Non-operating farm investors engage the services of a professional farm manager just as they engage a lawyer or an accountant.

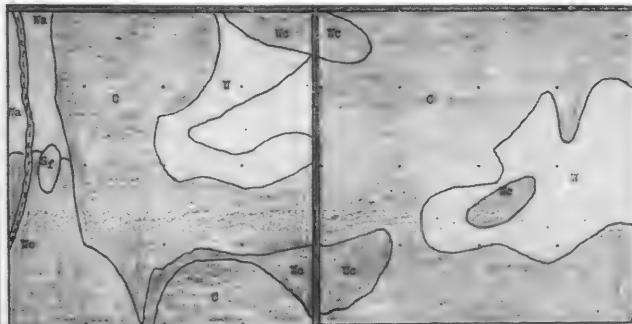
Upon acceptance of our farm management service by a customer, a trip is made to the farm by the field representative who has been assigned to direct the management of the farm. He goes over the farm carefully, including the buildings, and prepares for the owner a complete farm survey and check-in report. This includes:

- (1) A plat of soil types, location of fences, buildings and roads.
- (2) A plat showing the land use for the current year; also recommendations for a long-time crop rotation program.
- (3) A schedule showing construction and size of the buildings, valuation and condition.

In a short time after the survey and check-in report is made, a second trip is made to the farm by the same representative to formulate present and future plans with the tenant. Every effort is made to keep tenant goodwill.

The crop rotation program best suited for this farm is planned. If a four-year rotation program will serve this farm best, that program is planned and given to the tenant so that he may know what is expected. Our management service stresses a carried-out program, not just a talked out one.

The soil type plat at left and the land use plat at right are taken from a Central National farm management agreement. Each represents a 640-acre section of a farm



Soil building is the main objective in a definite crop rotation program. Some farms are better suited for a three- or five-year crop rotation program. In these cases the proper program is set up to fit the farm.

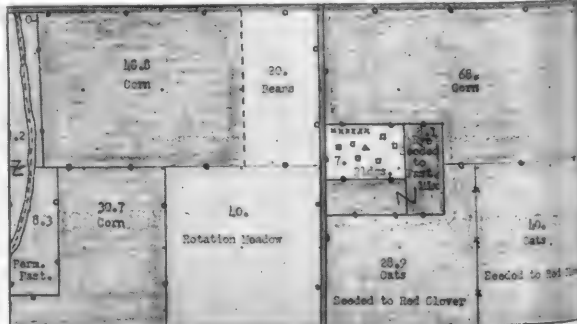
Frequent calls are made at farms during the planting and growing seasons. We find that tenants respond willingly to constructive suggestions, such as the number of bushels or pounds of seed to be planted per acre, the number of kernels to be planted in a hill of corn, seed preparation, planting depths, and replanting. We stress the importance of expert care to growing crops and close attention to tractor speeds and equipment adjustment to maximum yields. We also check carefully the division of crops at harvest-time and work closely with local elevator managers and grain dealers in order to obtain the highest possible price.

The farm tenant is required by his written lease to exercise vigilance to prevent the spread of noxious weeds and to work constantly towards their complete eradication. He is also required to cooperate in the application of the various erosion prevention methods, such as contour farming, strip cropping, grass waterways, hillside drainage, erosion barriers and terraces. A close contact is maintained by our bank with the United States Soil Conservation Service districts.

Our farm management department representatives have had many years of practical experience in the management of farms for others and are constantly on the alert to learn the latest developments in agriculture. Members of the staff regularly attend refresher courses offered by the various state agricultural colleges. Membership in various farm management associations brings them closely in touch with other men active in the same field in other agricultural communities.

Farms placed under the management of the farm management department of our trust department are safeguarded for their owners in the same manner as are estates and trusts, i. e.: (1) Continuity of service; (2) experienced personnel; (3) farm income deposits as trust funds; and (4) responsibility in accounting for funds.

The bank distributes to prospective customers a pictorial brochure, "Your Farm," which describes the advantages of the Central National's farm management service.



Banking On Future Farmers

ROBERT G. STRUBLE

Mr. STRUBLE, who lives in Kennett Square, Pennsylvania, writes on farm topics for national magazines in the agricultural field.

WHEN two town boys borrow \$10 from an uncle to buy 100 chickens and then stretch it into a \$10,000 loan from the local bank 10 years later it reminds one of "Horatio Alger on the Farm."

In the meantime, if the boys have turned a worn out farm into one that grossed \$28,000 last year, and in the process become Star Farmers—the outstanding farm boys in America—then one might classify the episode as pure fiction.

But with the aid of the Coatesville, Pennsylvania, bank, their teachers of agriculture and their parents, the Carlin Brothers (Walt and Bill) did all that in real life.

The story begins in 1938 when Walter D. Carlin, an insurance agent, moved his family from Coatesville to a run-down farm a few miles out of town.

"Run down!" exclaimed Ellis Stern, president of the National Bank of Coatesville, who helped finance the purchase. "That's putting it mildly. There were huge holes in the house roof, the barn was falling down, the fences wouldn't support a half-dozen crows, and the fields were riddled with gullies. No farmer would have bought such a place."

Being a businessman instead of a farmer, Carlin said simply, "The boys want to farm and this is the best we can afford."

But since Walter and Bill were only 12 and 14 then, Mr. Carlin planned to have tenants operate the farm until the boys got through school. That plan went haywire, however, two years later when two tenants gave up because they couldn't make a living on the poor land. So in 1940 Walter Carlin, Sr., was ready to sell out, take his loss, and go back to town.

Then Walter, Jr., stepped up. He had two years of vocational agriculture to his credit and a couple of hundred chickens and six dairy calves as a result of his Future Farmers of America projects. Besides he had brother Bill, who was just starting to high school. Together as Carlin Brothers they wanted a chance to run the farm. They wanted to practice what they were learning in the vocational agriculture class at school.

"Pay me rent by improving the land and the buildings," said Carlin, Sr., in businesslike fashion. "Borrow money to buy your livestock and machinery. And if you think you can make this place pay on that basis, you can run it."

The boys said, "We'll try it."

Money for equipment was one of the first things needed. But before the boys got to the bank Mr. Stern was out to see them. He pointed out that while his bank might not be able to offer quite as low an interest rate as some other lending agencies, the boys had the benefit of his counsel in financial affairs. Moreover, there were some advantages to doing their banking locally where they expected to sell their products. This made sense to the boys. Besides they didn't

think their credit rating was too high. So they jumped at the chance to borrow enough money for a tractor and attachments.

"That loan looked like a terrific sum," said Bill, "but we paid it off ahead of time. Then we borrowed more for fertilizer and lime because we realized that unless we increased soil fertility we couldn't make the farm pay. In addition we started to farm on the contour to keep what little topsoil we had from washing away."

Walt pointed out that some neighboring farmers laughed up their sleeves at this "newfangled farming plan." But yields began to go up. Barley increased from 20 to 35 then to 60 bushels per acre. Corn jumped from 25 to 55, to 80, and finally to 101 bushels an acre last year. The average American farmer gets 33 bushels per acre.

Impressed by these yields, and the improved farming practices, Stern commented that the boys had also opened a soil savings account, and it paid a high rate of interest each year.

During the time Walter and Bill were building up their farming program they were also building up a school record that was even more impressive. Aside from being on the honor roll and in numerous extracurricular activities, they were also outstanding in FFA work. Walter was state secretary and Bill state president and both were winners in the state project contest.

Everything that the boys touched did not "turn to gold," however. One corn crop was a complete failure and several high priced purebred sows failed to breed and were sold for pork. But by careful planning and good management, and by reinvesting their profits, the Carlin Brothers increased their net worth slowly but surely.

Notes at the bank were always met on time. And whenever the boys sold a crop of broilers (6,000), a complete analysis of expenses and receipts went to the Coatesville bank shortly after the broilers had gone to the cooperative sales room in the same town.

"These cost accounts were shown to our directors," Mr. Stern reported, "and those men, some of them farmers, scrutinized the records and made suggestions. We learned

(CONTINUED ON PAGE 93)

Bill and Walt Carlin check the farm account book. Walter Carlin, Sr., signs notes for the boys because he relies upon the judgment of the bank's officers to keep their borrowing down to where it is a safe risk. Repayment is the responsibility of Future Farmers Bill and Walt



News for Country Bankers

Merchandising . . . Bank Operations . . . Legislation . . . Better Farming

This selection of news was compiled by MARY B. LEACH of BANKING's editorial staff.

How to Help Farm Youths

BANKS often would like to expand their activities in the farm youth field but do not know exactly how to go about it. Drawing upon the experience of many banks in this field, A. G. Brown, director of the Agricultural Commission of the American Bankers Association, has compiled a few suggestions for bank presidents on how they can support farm youth activities through the 4-H Clubs and Future Farmers of America, as follows:

(1) Keep in touch with 4-H Club and Future Farmers of America leaders and get to know them better. Some form of recognition of these leaders once a year would give added impetus to their work. They need support and cooperation.

(2) Give someone in your bank definite responsibility of dealing with farm boys and girls. He or she should have the right personality for the job—should be sincerely interested and enthusiastic.

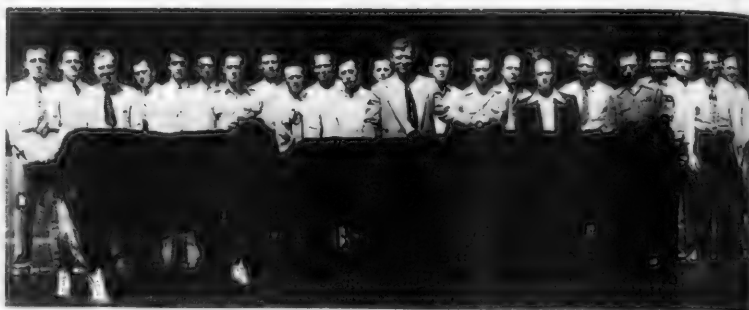
(3) See that young people learn about your bank; who runs it; what it is; and what it does. Information should be conveyed by someone who is a good teacher, and teaches by plan. Although this can be done in school classes, it can best be done by visits to your bank.

(4) Have a good knowledge of local agriculture so you can guide young people into the right kind of farming and the right kind of project for a long-range benefit.

(5) Give awards for merit and be sure you get credit. To do this, make the awards yourself, or be present when they are made. Educational trips make good prizes.

Lending money to boys and girls is a tangible way of showing interest in farm youths. Many banks do this without the endorsement of parents. Their feeling is that it puts these young people more "on their own" and builds faith and self-confidence. You also receive the goodwill of both the parents and the children.

The seven-point farm youth financing plan of a Wisconsin bank is given by Mr. Brown to indicate the general prac-



First class at the Iowa Bankers Association's agricultural short course for bankers held at Iowa State College, Ames

tice of a great many banks operating in this field:

(1) Loans for the full purchase price are made to Future Farmers or 4-H Club project members.

(2) The notes are drawn for one year.

(3) Each note is signed by the club member and his parent.

(4) A chattel mortgage on the animal purchases is the security.

(5) A recommendation of the member is required from the project supervisor.

(6) The supervisor visits the borrower periodically and reports to the bank.

(7) The loan officer visits the borrower once or twice a year.

With reference to point two, Mr. Brown suggests that in most instances it might be preferable to tailor the note to suit the project, rather than to have all notes drawn for one year. He also suggests that some type of insurance should be developed to cover possible losses.

The Agricultural Commission is assembling material for a manual on farm youth activities, which will include information on financing.

Iowa's Bankers' Short Course

Forty-eight students attended the two, two-week sessions of the special agricultural short course for bankers held this Summer at the Iowa State College in Ames, jointly sponsored by the college and the Iowa Bankers Association.

This course is actually a four-week course, extending over two, two-week sessions in successive years. However, each year's sessions are complete in

themselves, so that students may attend for either one or two years.

About one-fourth of the 1947 sessions was devoted to farm appraisals, including actual work in the field. Other subjects included soil management, particularly with reference to fertility, need and use of lime and fertilizer, rotations and conservation, management, and roughage-consuming livestock.

Next year's curriculum will be focused on farm management, efficiency in livestock production and agricultural engineering. Enrolment in each of the two sessions next year will be limited to 30.

K. J. McDonald, president of the Iowa Trust & Savings Bank, Estherville, is chairman of IBA's agricultural committee, and Warren Garst, cashier, Home State Bank, Jefferson, Iowa, is chairman of the special agricultural short course committee.

Kansas's Publicity Scrapbook

More than 40 pages of newspaper clippings in an 11½ by 16-inch scrapbook tell the 1946-47 soil conservation story of the agricultural committee of the Kansas Bankers Association.

Seventy-five counties participated in the KBA program, 60 of which sent in newspaper clippings for the scrapbook. During the year 302 farmers were selected for the association's award for superior soil conservation practices on their farms.

Award winners were presented with certificates of merit at dinner meetings held throughout the state, at which one

(CONTINUED ON PAGE 56)

WANTED

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News for Country Bankers

(CONTINUED FROM PAGE 54)

or more prominent soil conservation authority spoke.

The KBA's scrapbook proves again that newspaper editors will cooperate in informing their readers of intelligently planned programs in the public interest.

Cotton Film

"Men Who Grow Cotton," 16-mm., 20-minute colored film produced by the

United States Department of Agriculture, has been warmly applauded by members of the American Bankers Association's Agricultural Commission.

The film presents facts and problems about the South, cotton and the people who grow it. The characters are actual farm people.

Bank Customer Provides 4-H Trust Fund

A \$15,000 trust fund was established recently by A. R. Voss, a farmer of St. James, Minnesota, to support 4-H Club work in Watonwan County, according to Jake Brogger, president of the State

Bank of Butterfield and chairman of the agricultural committee of the Minnesota Bankers Association. Mr. Voss's benefaction did not end with the trust, however. He also gave \$500 to provide income during the current year.

Mr. Brogger, the county agent and another farmer were appointed trustees of the fund.

Mr. Voss, now 88 years of age and still very active, owns several thousand acres of land in Watonwan County and during his 25 years as a customer of the State Bank of Butterfield has taken a keen interest in 4-H work, said Mr. Brogger. He has learned from experience that 4-H members make good tenants, particularly where man and wife, both of whom have been 4-H members, work together.

He and Mrs. Voss called at the bank to outline the plan for creating a 4-H trust fund and asked for Mr. Brogger's opinion of the idea. In giving his unqualified approval, Mr. Brogger told Mr. Voss:

"That would be the finest thing you could do and I am sure such a trust fund is entirely new. You will receive many smiles and much praise from the 4-H Club members for many years to come if you create this trust."

Three years ago Mr. Voss not only donated 240 acres of land to the village of Butterfield for a park, but he also planted 31,000 trees and evergreens on it. This past Spring he planted over 30,000 trees on his own farm.

A childless friend of Mr. Voss (Mr. Voss has four children), has shown interest in the Voss gift and it is Mr. Brogger's hope that he will at least equal it. Some years ago this gentleman set up a \$1,000 fund for 4-H members in Redwood County, Minnesota, from which boys and girls could borrow to buy livestock. He reports to Mr. Brogger that the loans made have been paid in full and that the \$1,000 principal is intact.

Agricultural Goodwill Tour

An agricultural goodwill tour in the interest of soil conservation jointly sponsored by the Louisiana Bankers Association and the Soil Conservation Service of the U. S. Department of Agriculture covered four states between July 13 and 19.

The special train made seven stops in Louisiana to pick up the goodwill tourists before heading for Texas, Oklahoma, Kansas and Arkansas, where they followed a rigid itinerary. At their various stops the tourists were guests of state bankers associations, industrial

(CONTINUED ON PAGE 60)



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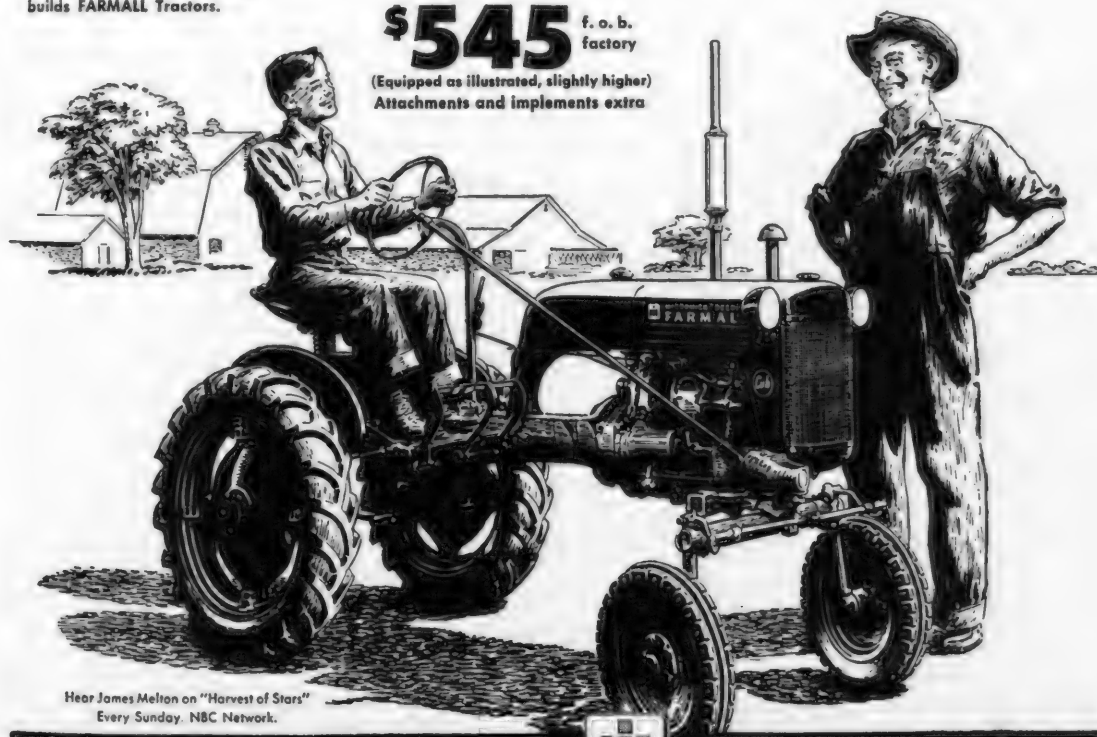
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See why thousands of banks have such complete confidence in Recordak methods of handling—and processing—film records



6 After this last inspection, your film is put back into your box . . . ready either to be mailed out to you immediately, or to be handed over to your special messenger.

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2

Besides being highly confidential, your film records are also extremely valuable. Accordingly, Recordak protects them against loss or misdirection by numbering your box . . . your film . . . and the accompanying worksheet. This definitely associates *your* film with *your* box and with our records. Then when the worksheets are proved, every box and every film must be accounted for—and no guesswork about it!

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originator of modern microfilming
—and its application to banking systems

News for Country Bankers

(CONTINUED FROM PAGE 56)

concerns, farm and ranch owners, and government representatives. Here is the goodwill group's schedule for Texas and Oklahoma:

Arrived Dallas early morning, July 14. Visited Koltex Farm, Dallas; Frank Hamm Farm, Lancaster, and continued by autos to Fort Worth for luncheon as guest of Swift & Company. Visited Swift plant; a ranch for range observation of improvements, and wound up with church wagon feed at Ernest Allen Ranch. Left Fort Worth July 14 at 10 P. M., and arrived Oklahoma City at 5:30 A. M., July 15, going directly by train to Guthrie Experimental Station for the morning, then to the Ball Farm at Yukon for a view of general conservation practices, then back to Oklahoma City that night for dinner as guests of the Oklahoma Bankers Association. Left Oklahoma City at 11:30 July 15 for Parsons, Kansas.

Arrangements for the tour were made by Allen Dezauche, of Opelousas, who is president of the Louisiana Bankers Association, and R. Irby Didier, LBA executive secretary.

Farmers in Healthy Condition

The United States farmer is today in the best financial condition he has ever known. He has, in the aggregate, more money in the bank and more cash in his pocket than ever before. His mortgage indebtedness reached an all-time low on January 1, 1946, and has increased only slightly. He has a reserve of more than \$6 billion salted down in War Bonds and United States Savings Bonds, and \$6 billion in bank deposits.

J. R. Medlock With Rome Bank

J. R. Medlock, agricultural representative of The First National Bank of Rome, Georgia, follows a diversified program in looking after the bank's farm customers. Although he operates entirely at his own discretion, he gets around considerably.

During the year, Mr. Medlock interviews thousands of farmers at their homes, on the street, and in the bank.

In this way he keeps in touch with their problems, whether they be financial or pertain to farm operations.

A good deal of his time is spent at farmer meetings, including livestock sales. Two days of the week are spent at the bank to consult with farm customers and to meet with the bank's loan committee when farm loans are under consideration.

Appointment of Clyde C. Medlock, son of J. R. Medlock, as agricultural representative of The First National Bank of Cartersville, Georgia, was announced in June BANKING, when it was erroneously stated that Mr. Medlock, Sr., was associated with National City Bank of Rome.

Youth Sugar Beet Contest

Again this year the American National Bank of Idaho Falls, Idaho, is sponsoring its boys' and girls' one-acre sugar beet contest. Boys and girls under 18 years of age and residing in Bannock, Bingham, Bonneville, Jefferson and Madison counties are eligible for entry.

Rules of the contest include these requirements: (1) Each contestant shall

(CONTINUED ON PAGE 74)

Bank Loans on 1947 Wheat

THE Commodity Credit Corporation is offering to purchase the 1947 wheat crop at 90 percent of the July 1, 1947, parity, in addition to its regular loan program.

This purchase program enables banks to make wheat loans on their own forms, instead of using the more cumbersome non-recourse loans on CCC forms. Moreover, where the non-recourse loan guaranteed by CCC yields the banks only 1½ percent interest per year, the bank, under this plan, may retain all the interest paid by the producer.

The procedure to be followed by banks wishing to take advantage of this purchase program has been outlined by A. G. Brown, director of the Agricultural Commission of the American Bankers Association, as follows:

FIRST, the bank should go to the local county committee (formerly AAA) and get full information about the wheat purchase and loan program.

Secondly, banks should make their loans to wheat farmers in the normal way. This means that in those cases where security is necessary they will use chattel mortgages on farm-stored wheat, and warehouse receipts where the wheat is stored in eligible warehouses.

Steps to be followed in wheat loans:

(1) *Make certain the producer has executed the purchase agreement on Purchase Form 1 before the bank makes the loan.* This agreement must be executed with the county committee on behalf of the CCC before December 31, 1947.

(2) *Determine the CCC purchase price for 1947 wheat for each county in the area served by the bank.* The CCC purchase price becomes the loan value for each bank to follow in making wheat loans. This price will vary according to the section of the country; it can be obtained from the local county committee.

(3) *Make sure that the wheat to be offered as security is eligible under the purchase agreement made between the producer and the CCC.* The bank should determine the weight, grade, and other quality factors pertaining to all wheat stored on the farm or in eligible warehouses. In the case of wheat in eligible warehouses, the grade will have been established by the warehouse itself and indicated on the warehouse receipt.

(4) *Make certain that the producer has adequate insurance coverage, particularly in the case of farm-stored wheat.* CCC will not purchase wheat that is damaged by weather, insects, or by other causes. The bank should examine the insurance

policy to determine if the coverage is adequate, and further it should require the producer to deposit it with the bank when he borrows.

(5) *The bank should see to it:*

(a) That the note or notes given by the producer mature on April 30, 1948, or earlier on demand. This means that the CCC may ask the producer to deliver his wheat before April 30 in order to expedite the movement of wheat to market in a more normal manner.

(b) That the producer exercises his option under the purchase agreement to sell his wheat to CCC if it is not sold in the open market. The producer must contact the county committee, if he wishes to sell his wheat to CCC, within the 30-day period following maturity or call date of the loan.

(c) That the county committee is notified of any lien the bank may have on the producer's wheat. Where the bank has such a lien, the CCC will pay it from the proceeds of the wheat when it is sold. In case the proceeds are not enough to pay the lien, then it becomes the bank's responsibility to collect from the farmer. This is the main reason why the bank should not make a full loan on the producer's wheat.

The CCC is committed to support the price of eligible 1947 wheat at loan prices if the producer completes a purchase agreement by December 31, 1947.

"The CCC has indicated that it will welcome the assistance of banks in financing wheat for farmers," said Mr. Brown.

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New England Bankers Go to School

WHEN 60 Connecticut and Rhode Island bankers visited the submarine mother ship, *Proteus*, and a modern submarine docked at New London harbor, Connecticut, it was their only divergence from an intensive five-day extension course in real estate appraising held in June at the Fort Trumbull branch of the University of Connecticut on the banks of the Thames River, New London.

Sponsored jointly by the Savings Banks Association of Connecticut, the Banking Department of the State of Connecticut, and the School of Business Administration of the university, the session featured lectures by as outstanding a group of specialists and real estate experts as could be assembled in the eastern part of the country. William MacRossie, M.A.I., lecturer on real estate valuation for the American Institute of Real Estate Appraisers in courses at leading universities, acted as advisor to the savings banks association and the school of business.

Two years ago, the savings bankers sponsored an appraisal school which was so successful that there was considerable demand to have it repeated.

The program was designed to "help the banker build a foundation for a practical approach to the appraisal of residential property, give him training in assembling and analyzing field data, and give him practice in the techniques of valuation."

In addition to more than 20 classroom lectures covering all related phases of real estate appraisal, the student body was divided into five teams, each of which was assigned a specific house on which to make a thorough inspection and appraisal report. The reports were reviewed by local realtors and the faculty.

Students were housed in barracks-type dormitories, used during wartime for maritime service training, and ate in the campus "Commons."

Howard B. Smith, director of the Department of Real Estate and Mortgage Finance, American Bankers Association, lectured on analysis and underwriting of home mortgage loans.

Other lecturers included: Roger S. Baldwin of Baldwin, Todd & Lefferts, New York, and chairman of the Board of Estimate and Apportionment, Greenwich, Connecticut; Curt C. Mack, assistant commissioner in charge of mortgage underwriting for the FHA, and Washington member of the governing council, A.I.R.E.A.; Albert W. Lockyer, president and chief appraiser, Prince & Ripley, Inc., White Plains, New York; Homer Hoyt of Churchill-Fulmer Associates, New York, associate professor of land economics, M.I.T., and lecturer in real estate, Columbia University; Leon W. Ellwood, M.A.I., chief appraiser, New York Life Insurance Company; Myron L. Matthews, vice-president, general manager, and director of Dow Service Inc., New York; and Frank D. Hall, M.A.I., vice-president, Equitable Life Assurance Society of America, and member, governing council, A.I.R.E.A.

Are Bank Building Costs High?

"The present trend in bank architecture . . . is characterized by straight, simple lines, with a minimum of ornamentation: no fluted columns, no intricately designed cornices, no gargoyles, or domes or sculptured friezes," John J. McCann, of BANKING's staff, told the South Dakota Bankers Association recently. "Exteriorly, the building is simple and streamlined and functional. It is no longer good business to be awe-inspiring. By contrast with the architecture of the '20's, the modern bank is just as imposing a structure, but it is more efficient-looking, more inviting, better ventilated, better lighted — and it costs considerably less. There's more bank for the money. . . ."

(CONTINUED ON PAGE 64)



At the savings bankers' school of real estate appraisal: *Left to right*, William MacRossie; Howard B. Smith; Laurence J. Ackerman, dean of the University of Connecticut; Seymour R. Peck, president of the Savings Banks Association of Connecticut and president of the Bristol (Connecticut) Savings Bank; Harold W. Roberts, executive secretary of the Savings Banks Association; and Donolson E. Horne, chairman of the association's educational committee and vice-president of The Savings Bank of New London (Connecticut)

Harris Trust and Savings Bank

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115 WEST MONROE STREET, CHICAGO



Statement of Condition

June 30, 1947

Resources

Cash on Hand and Due from Banks	-	-	-	\$119,231,444.89
U. S. Government Securities	-	-	-	165,587,504.21
State and Municipal Securities	-	-	-	26,720,588.07
Other Bonds and Securities	-	-	-	13,639,073.69
Loans and Discounts	-	-	-	166,934,082.60
Federal Reserve Bank Stock	-	-	-	600,000.00
Customers' Liability on Acceptances and Letters of Credit	-	-	-	1,877,472.02
Accrued Interest and Other Resources	-	-	-	2,219,343.83
Total	-	-	-	\$496,809,509.31

Liabilities

Capital	-	-	-	\$ 8,000,000.00
Surplus	-	-	-	12,000,000.00
Undivided Profits	-	-	-	5,692,337.21
General Contingency Reserve	-	-	-	\$ 25,692,337.21
Reserve for Taxes, Interest, Etc.	-	-	-	6,755,700.43
Acceptances and Letters of Credit	-	-	-	3,629,691.07
Demand Deposits	-	-	-	1,877,472.02
Time Deposits	-	-	-	\$416,278,490.95
	-	-	-	42,575,817.63
Total	-	-	-	\$458,854,308.58
	-	-	-	\$496,809,509.31

United States Government Obligations and Other Securities carried at \$31,672,777.68 are pledged to secure Public and Trust Deposits and for other purposes as required or permitted by law.

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California Bank

LOS ANGELES

WE INVITE ACCOUNTS FROM BANKS, CORPORATIONS AND
INDIVIDUALS • SEND US YOUR PACIFIC COAST BUSINESS

Condensed Statement as of June 30, 1947

RESOURCES

Cash and Due from Banks	\$ 93,003,169.64	
United States Government Securities	246,439,607.99*	
Obligations of Other Federal Agencies	\$4,864,583.36	
State, County and Municipal Bonds	12,022,490.71	
Other Bonds and Securities	542,290.98	17,429,365.05*
Stock in Federal Reserve Bank		390,000.00
Ownership of California Trust Company		1,475,324.66†
Loans and Discounts		88,366,654.74
Bank Premises, Furniture and Fixtures		1,091,492.16
Earned Interest Receivable		1,467,248.92
Customers' Liability under Letters of Credit and Acceptances		1,530,227.07
Other Resources		218,270.31
TOTAL		\$451,411,360.54

LIABILITIES

Deposits: Demand	\$257,802,569.91	
Time	163,631,535.00	
United States War Loan Deposit	1,180,800.61	
Other Public Funds	8,301,399.95	\$430,916,305.47
Reserve for Interest, Taxes and Expenses		1,233,813.28
Unearned Interest Collected		682,299.28
Letters of Credit and Acceptances		1,626,486.31
Capital Stock	6,500,000.00	
Surplus	6,500,000.00	
Undivided Profits	3,932,456.20	16,932,456.20
TOTAL		\$451,411,360.54

*\$24,190,238.07 pledged, according to law, to secure Public Funds and Trust Deposits.

†California Trust Company—owned by California Bank and devoted exclusively to trust service—has Capital of \$1,000,000.00, Surplus of \$500,000.00 and Undivided Profits of \$252,763.66.

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MEMBER FEDERAL RESERVE SYSTEM & FEDERAL DEPOSIT INSURANCE CORPORATION

Building for the Future

(CONTINUED FROM PAGE 62)

"There are a lot of banks which have told us that they hesitate to remodel or build under present handicaps because (to quote them): 'Costs are excessive; we'll wait until they are more reasonable.' Well, that's a thrifty and perhaps a wise viewpoint.

"But there's no assurance that costs will come down rapidly, especially not in the industrial or mercantile type of construction. . . .

"But by what standards can we fairly gauge bank building costs? Is it a matter of timing the job to a cheap market and perhaps saving a few cents per cubic foot, or is it a matter of evaluating all the other factors and benefits of doing the job when it needs to be done? It seems reasonable that an institution which is seriously handicapped by inadequate quarters now has more to lose than gain by postponing essential construction which impairs operating efficiency, customer convenience, or employee goodwill—these things are measurable assets, and they reflect quickly in profits and new business.

"Actually, costs today are no greater—in fact, they are on the whole less—than in the last bank building boom of the '20's. I saw some interesting figures the other day in the June 1923 and June 1928 issues of the *Architectural Forum*—both special issues devoted to

On this and the opposite page are before and after views of the new quarters of the American State Bank, Milwaukee, Wisconsin. The bank expected to lose some old customers when it changed its address from an outlying location to the city's business center, but the loss so far has been negligible. Conversely, the new location and quarters have already resulted in a surprising amount of new business—far greater than anticipated. A complete alteration was made on the basement, first and second floors of an eight-story building owned by the bank



BANKING

bank construction. Specifications on a number of bank jobs of that period were published. Costs per cubic foot ranged between 73 cents and \$1.18—the average hitting about 90 cents. The banks illustrated were a fair sampling of both large and small institutions. And, typical of the era, they were marble palaces of finance, with plenty of marble, granite, and bronze; plenty of decorative metal and stone work, gilded plaster ceilings, ornate (but impractical) custom-made light fixtures, high counter grills and other familiar cost-eating items.

"In comparison, today's costs, which range between 80 cents and 90 cents, buy a more practical, better-designed building, incorporating air conditioning, acoustically-treated ceilings, efficient lighting, better heating, and what's more important perhaps, a more attractive bank from the customers' viewpoint.

"I recall mentioning at the Kansas Bankers Clinic some months ago an illustration of one bank in the east which did a very thorough modernization job of its main lobby for something like \$900.

"During that session one gentleman from Kansas arose and told me he had done the same type of job for \$51.98. He explained that the \$1.98 was for a Sears Roebuck hack saw. He told me that his marble high counter grills over the teller's section cut like cheese with such a saw. The \$50 bought oblong panels of black onyx glass which he placed along the counters, and he says his lobby was 100 percent improved. So costs are flexible, even under today's conditions."

Home Planning Under Bank Guidance

A home planning department has been a regular feature of the Iowa Trust & Savings Bank, Estherville (Emmet County), Iowa, for the past few months, offering advice and instruction to prospective home builders and decorators without cost. Its services are



August 1947



Get Your FREE Copy from your Massey-Harris dealer ... A Valuable Guide to the Most Valuable Crop

THE most valuable crop on the farm, both in dollars and feeding value — and often the poorest handled — is hay and forage.

This booklet, written especially for Massey-Harris by one of the country's foremost animal nutritionists. It explains the relationship between good forage and animal and human health ... how forage protects the soils ... how they can be made more nutritious.

In its eight enlightening chapters it covers proper management and fertilization of various forage crops ... the right time for cutting and processing ... the proper curing of hay ... the preservation of corn and grass silages ... how best to retain vitamin and mineral content ... the relative feeding value of different forages ... the best use of forage in animal rations ... plus a method of making hay and silage that telescopes the long, hot, hard job into one easy, time-saving, labor-saving operation.

It's a booklet that you will want to read yourself ... to pass on to your farmer friends. Vo-Ag teachers will use it as a text-book in their classes when covering the subjects of hay and silage.

Ask your Massey-Harris dealer for a FREE copy. At the same time, he'll tell you how you can get additional copies for distribution among your friends. It's part of Massey-Harris's contribution toward the advancement of American agriculture. If there is no Massey-Harris dealer near you, write to Dept. 170.

THE MASSEY-HARRIS COMPANY
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Since 1847 — 100 years ago — when Daniel Massey started making better farm tools for his neighbors, the Massey-Harris guiding principle has always been to "Make it Better."





Bankers at the Kentucky Bankers Association conference examine a section of BANKING's bank building exhibit, prepared by John McCann of BANKING's staff and displayed at numerous state bankers association meetings: Left to right, E. R. Gossett, cashier, Harrison Deposit Bank & Trust Co., Cynthia, Kentucky; Salmon Brown, vice-president, Central Trust Co., Cincinnati, Ohio; C. M. Thompson, president, National Bank of Lancaster, Kentucky; Frank Routt, president, Anderson National Bank, Lawrenceburg, Kentucky; H. L. Lamkin, vice-president and cashier, Bank of Magnolia, Kentucky; Fred A. Dowd, vice-president, First National Bank, Cincinnati, Ohio; and R. B. Johnson, vice-president and trust officer, Pikeville (Ky.) National Bank & Trust Co., Kentucky. The exhibit consists of 34 (30" x 45") panels on which are mounted some 300 photographs of more than 100 bank construction jobs (new and remodelled quarters), all completed within the past five years. The exhibit shows both interior and exterior modernization jobs, building additions, face lifting, department layout, uses of new materials, etc.

available to the public three afternoons a week when trained consultants are on hand.

The opening of the new department was featured in a front-page story in the local newspaper. In the same issue, dealers whose products were displayed in the bank ran tie-in advertising, urging readers to see their displays at the bank. The bank itself advertised the opening in a half-page announcement and listed all the cooperating dealers.

The bank's large balcony has been tastefully decorated, furnished with chairs and tables, and given over to the new department and its various services and displays.

Prominently featured are detailed models of *Better Homes and Gardens* magazine's "five-star" homes. The models, in color, are complete with glass windows, draperies, landscaped grounds and trees, clotheslines and vegetable gardens. Each month, a new "home of the month" is furnished by the publication which includes in its service blueprints, lists of materials, specifications, and editorial assistance.

The department's services include a library of books on home and interior decorating and on specific subjects such as brick dwellings, garages, plumbing or fireplaces, a book of wall paper samples and solid paint colors, and numerous magazines. One set of home plans on display even includes suggested placement of furniture. Literature on home building, interior decorating, furnishing, heating and other subjects may be obtained without cost from the library of free literature.

A section of the department is reserved for cooperating dealer displays featuring products relative to the home, shown for periods of three weeks. Samples of floor coverings, roofings, frame buildings, concrete hollow tile, brick, glass block, weatherstripping, and aluminum siding are shown as permanent exhibits.

In charge of the new department are Mrs. K. J. McDonald, wife of the bank's president, Mrs. Leo E. Fitz-

gibbons, whose husband is a director and legal counsel of the bank, and Mrs. Kenneth L. Kautz, wife of the manager of the bank's agricultural department. All three women have experience and training in home planning, building and decorating. Each, as a personal hobby, has made a study and collection of materials on home planning.

In setting up the department, Iowa Trust named five objectives: Create goodwill, give service to dealer customers, provide a source of home furnishings, appliance and remodeling loans, educate the community to derive greater benefits from the use of money, and encourage better homes and higher living standards.

Garden Apartment Bank Building

The Bank for Savings, New York, will house one of its branch offices in a new four-story garden apartment. The plot was formerly occupied by empty three- and four-story tenements. The new apartment house will have its entrance through a landscaped garden and terrace and will provide two and three room units for 45 families of veterans.

DeCoursey Fales, president of the bank, has expressed the hope that the reconversion of this property to modern requirements might influence neighborhood owners to carry out alterations in the same style (early American architecture), giving further impetus to solving the housing shortage and creating an attractive community of Colonial inspiration.

A distinctive feature of the new apartment is the tower inspired by the governor's residence at Colonial Williamsburg, Virginia. It will contain a beehive, used by the bank since 1819 as a symbol of thrift, and will have an electrically operated, illuminated clock to provide the community with correct time.

Good Appraisals Now

May Have Long-Term Grief

"An appraiser may make a perfectly good appraisal of money-value of a property as of today—every time you send him out," Raymond M. Foley, commissioner, Federal Housing Administration, told the School of Banking of the University of Wisconsin. "But the portfolio of mortgages that results may have long-time grief wrapped up in it for you, for a majority of borrowers and even for the community—if the test of property-value appraisal becomes the paramount consideration.

"On the other hand, the strong home-ownership motivation built into a home mortgage transaction rightly fitted to the needs, abilities and probable prospects of a borrower, may offset a considerable degree of mistaken property appraisal."

Moratoria May Delay Foreclosure

In troubled times acquisition of debentures under an FHA insured mortgage in foreclosure may be substantially delayed by intervention of moratoria, Frederic B. Besimer, a member of the law firm of Miller, Canfield, Paddock and Stone of Detroit, Michigan, warned bankers at the Central States School of Banking on the developments in the mortgage law during the years 1933 to 1940.

Despite the alleged temporary character of moratoria many of these acts form the basis of permanent changes in our mortgage law by the disaster of economic depression.

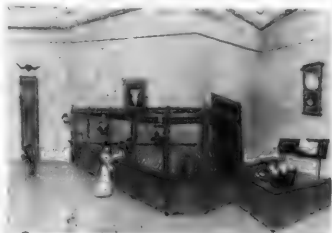
The pattern for moratorium legislation was deeply cut into the mortgage law during those years, according to Mr.

Besimer. For example, in New York a state moratorium still exists. It is necessary to reappraise changes in our mortgage laws, which arose with the emergency caused by the so-called 1929 depression, more or less constantly as a guide in attempting to chart the mortgage policy of our lending institutions, in order to know what we might expect in the days of a future depression.

The Government has become so thoroughly entrenched in the mortgage field through the FHA and GI Bill of Rights that a great mass of our population today are no longer owners of real estate in fee simple, Mr. Besimer said. Homes that are owned subject to a mortgage varying in amount from 80 to 100 percent of the appraised value of such property do not constitute economic tenure in fee simple absolute. It very nearly approaches a tenancy basis. Through 1946, loans totaling \$2 billion had already been placed through the facilities of the Veterans Administration with federal guarantees running beyond \$700 or \$800 million. The program was just beginning and up to within the last two or three months it was reaching its full momentum. There are some indications vaguely discernible here and there that all is not well with federal lending. There is also some hazy indication that all is not well in construction lending.

Mr. Besimer stated that in his opinion the ultimate test of the practicability of guarantee and insurance of mortgages by government has yet to be met, especially in view of the tremendous volume of real estate credits produced by the same at a time when our government is in the process of assuming other astounding financial commitments.

Dioramas set on either side of the bank entrance of the new building of the Central National Bank & Trust Company, Des Moines, Iowa



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How One Banker Hopped After a Skip

C. C. LEWIS

This wartime story turned up recently, but let Mr. LEWIS tell it himself. The writer is president of the Citizens National Bank of Point Pleasant, West Virginia.

IN 1942 our bank lent an employee of the West Virginia Ordnance Works \$596 to complete the payment on an automobile, taking a note secured by a first mortgage on the car. This lien was recorded in Gallipolis, Ohio, where the deal was consummated and the man living.

Default in payments was not brought to my attention until December, when I tried to locate the borrower and the car. This was not simple, and it was February before I got started.

My request for help from the F.B.I. was denied on the ground that there had been no violation of the National Motor Vehicle Theft Act. So I proceeded to trace the man, beginning at his boarding house in Gallipolis. The landlord was not disposed to talk until he found that I was armed with warrants. He then came across with the borrower's picture and Chicago home address. He also told me that the borrower had left shortly after getting possession of the car, but had later passed through on his way home from Petersburg, Virginia. A letter from the Quartermaster School at Camp Lee, near Petersburg, corroborated this, saying the man had been discharged and sent to his home in Chicago, where he was later drafted.

Before catching up with my quarry, the trail led me from Chicago to Fort Hayes, Ohio; thence to Camp Sutton,



North Carolina; and finally to the big Army camp by Jackson, Mississippi. Shortly thereafter I got a telegram from him and later a letter from his commanding officer saying the car was in the hands of a woman at Petersburg, Virginia.

Informed by the F.B.I. that it was impossible to get a man out of the

clutches of the Army, I made plans to get the car. This involved lengthy correspondence with the woman, but finally she agreed to give peaceful possession. However, on the eve of my departure for Richmond on April 14 to get the car and drive it home, I got a letter from the woman telling me that the borrower had forestalled my action by reclaiming the car. Surmising that he was absent without leave, I asked one of our vice-presidents to write to the Mississippi Camp and went on to Richmond.

On my return from the East, I found a telegram awaiting me advising that both car and culprit were in the hands of the military at Jackson.

Arriving at Jackson, I called at the garage specializing in cars of the same make and was greeted by name by the

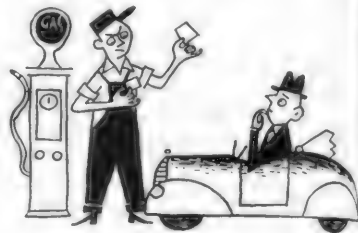


proprietor. He had called my bank, after a woman who had stolen the car from camp had divulged the fact that we had a lien on it while trying to sell him the car. So he was expecting me.

The next day he furnished a car and chauffeur to take me to camp, where I finally located the officer with whom I had corresponded. He was courteous, but in doubt as to my right summarily to take the car. However, after examining the mortgage, he gave me permission to drive it away. But when I arrived at the gate I was stopped by the guard and told that I "could not take that stolen car out of camp." He told me to park it and to go in to the guardhouse. I was interrogated at length and after showing my credentials and establishing my identity by telephone, I was allowed to depart.

I thought this was the end of my troubles but I was mistaken. I had not driven many miles before I was overtaken by a big limousine filled with officers, who waved me down. I expected to fight my battle again, but soon found they wanted a car bargain. I promised them an interview the next

day, after I had consulted an attorney on my right to sell without advertising. The meeting took place, but our ideas on car values differed widely, so I determined to drive it home.



Before leaving West Virginia I obtained a gas ration card in my name; borrowed a set of dealer's license plates; and, of course, I had my driver's license with me. When I attempted to have the dealer's plates put on the car, the garage man demurred and suggested that I buy a Mississippi license. This I did, but instead of attending to it myself, I permitted him to send a clerk after it. When I made my first stop thereafter for gas the salesman, as was his duty, compared the gas ration card with the car license. When I attempted to explain the discrepancy, I found that the new license was not in my name, but in that of the former car owner. Why he did not call the police I can't imagine. After that experience, I bought gas only from isolated and poverty stricken stations, and never again was the comparison made.

Barring some tire trouble—no light matter when you are 70—the remainder of the trip was uneventful. Four days later I drove the car into my home town, where I shortly sold it for a price that paid the note, all expenses, and netted a small profit.

The moral of this story as I see it is that we should not take losses, such as this one, lying down, but that we should go after the culprit even if it involves trouble and expense. There may be others on the side lines who, impressed by our alertness to right a wrong, will not attempt a similar defalcation.





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WILLIAM WOODWARD
New York, N. Y.

Statement of Condition, June 30, 1947

ASSETS

Cash and Due from Banks	\$ 386,393,239.86
U. S. Government Securities	688,952,210.80
State and Municipal Securities	48,030,972.67
Other Securities	14,648,762.58
Loans and Bills Purchased	407,570,502.53
Real Estate Mortgages	5,253,912.61
Banking Houses	12,224,009.00
Interest Accrued	3,066,808.56
Customers' Liability on Acceptances Outstanding	1,946,426.07
Total	\$1,568,086,844.68

LIABILITIES

Capital	\$21,000,000.00
Surplus	80,000,000.00
Undivided Profits.	24,155,236.79
Reserves:	
Taxes, Interest, etc.	8,182,761.76
Dividend:	
Payable July 1, 1947	1,050,000.00
Acceptances	\$ 5,389,225.40
In Portfolio	3,441,355.04
Deposits	1,431,750,975.77
Total	\$1,568,086,844.68

There are pledged to secure public monies and to qualify for fiduciary powers
U. S. Government Securities \$19,426,814.54

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Forged Checks

A NEW YORK case illustrates a general rule: While a depositor is under no duty to examine his canceled checks for forged endorsements, he is obliged to examine for forgery of his own signature.

The case turned on the liability of a bank for payment of checks drawn by the trustee of a bankrupt estate and upon which the trustee had forged the required co-signature of the referee in bankruptcy.

The canceled checks were called for by the referee upon two different occasions; a year and a half after the account had been opened, and again two years later. On the first occasion no examination of the checks was made. On the second occasion an examination disclosed forgeries in both sets of checks.

The Appellate Division of the Supreme Court held that the statute of limitations barred recovery upon the first set, but not upon the second, which had been reported promptly upon discovery of the forgeries.

However, the court ruled that by failing to examine the first set of checks, the referee had failed to "do those things which are dictated by ordinary business customs and that, had they been done, an early discovery of the forgeries might have been made, thereby preventing the later misappropriations."

It was held that the depositor in the case was the estate of the bankrupt, represented by the Bankruptcy Court, and that a return of the canceled checks to any officer of the court, "whether he be the referee or the trustee," constituted a return of the checks to the depositor. Thus the negligence of the referee was held to preclude recovery from the bank on the second set of forged checks.

In view of the general rule that a depositor is under no obligation to call for canceled checks, it is interesting to speculate on the bank's position had the referee not called for the first set of checks.

Similarly, it is interesting to reflect on the state of affairs that might have arisen if the dishonest trustee, rather than the referee, had called for the checks. *Maryland Casualty Co. v. Central Trust Co.*, 67 N.Y.S. 2d 339. PATON'S DIGEST, Forged Paper, Ops. 1A:1, 8:2, 8:4, 8:8, 8:11. See also previous decisions in this case; 39 N.Y.S. 2d 293, 51 N.Y.S. 2d 65.

Endorsement By Mark

A Washington case illustrates the effect of the endorsement of a negotiable instrument by means of a mere rubber-stamped "8160."

The plaintiff in the case ordered a carload of second-hand furniture from the defendant in New York. Part of the purchase price was paid in cash. Defendant forwarded a draft for the balance to plaintiff's bank in Washington. Plaintiff paid the amount of the draft to the bank.

The furniture arrived. An examination showed it to be practically worthless. Plaintiff thereupon garnished the money in the hands of the bank and commenced suit against defendant.

A New York acceptance company intervened in the suit, claiming the money as holder in due course of the draft. At this point intervenor's endorsement, "8160," stamped on the back of the draft, was noticed for the first time by both plaintiff and his bank.

The Washington court held that the stamped figures, rather than constituting an endorsement in writing sufficient to pass title as a holder in due course, were no endorsement at all.

They were placed there, the court held, as part of a scheme to deceive plaintiff into thinking that the draft had not been assigned. Had plaintiff known of the assignment, he would have known that he had no recourse against an assignee in due course, and would naturally have examined the shipment of furniture before paying the draft. The entire transaction between defendant and intervenor was

"permeated with fraud." Since "8160" did not constitute an endorsement, no title passed to intervenor except that of defendant. The defense of fraud was available against defendant, and against anyone chargeable with knowledge of his fraud. Interveners not only had knowledge of the fraud, they participated in it. They were not innocent purchasers for value.

Judgement, therefore, was for the plaintiff. *Bowles v. Billik*, 178 Pac. 2d 954, PATON'S DIGEST, pp. 1969, 2162, 2164.

Chattel Mortgage

A recent federal case presents a discussion of liabilities of parties to a chattel mortgage.

Defendant D secured a corn loan from Bank A, executing a note and mortgage payable to Bank A or the Commodity Credit Corporation, a federal agency, which had contracted to repurchase corn loans made by Bank A. Bank A sold the note to Bank B. CCC bought the note from Bank B. Defendant D sold the corn to one M, a warehouseman, without obtaining permission from anyone involved in the transactions. The corn was disposed of. It ceased to exist. M paid for the corn by check payable jointly to D and Bank A. Both parties endorsed the check. D deposited it in his account at Bank A. Bank A applied none of the proceeds of the check to its corn loan. CCC, never having received payment on the note which it had purchased, sued Bank A, D and M on the note.

Each of these parties, naturally, offered the defense that the other two were liable. D, however, was found to be financially irresponsible and the case resolved around the liabilities of Bank A and M.

Following is the finding of the Federal District Court for Iowa.

Notice of the chattel mortgage had been filed. It constituted constructive notice to all parties that the corn was subject to the mortgage. When the note was transferred, the transfer auto-

matically carried the securing mortgage with it, without necessity of any formal transfer. This transfer carried with it any remedies available to the previous holder of the mortgage. M, by purchasing the corn without consent of the mortgagee, Bank A, was guilty of conversion. Bank B held the note at the time of the conversion, and therefore had a common law conversion action against M.

Iowa, in common with most states, has abrogated the old common law rule that an action for conversion is not assignable. Thus, when Bank B assigned the note to CCC, the action for conversion went with it. But the Government, by suing Bank A, laid claim to the proceeds of the unauthorized sale to M. It thus ratified the sale. M, therefore, could not now be held liable for conversion.

Bank A, on the other hand, was still chargeable with a common law duty of an assignor. When it received the proceeds of the unauthorized sale it exercised dominion over a note which it had assigned, and was bound to act as trustee of the proceeds for the benefit of the assignee. Bank A did not so act when it allowed D to take the proceeds of the sale and was, therefore, liable for conversion.

It is interesting to note that Bank A apparently acted without knowledge that the corn covered by the note in question had been sold. The evidence indicated that it believed the check represented the proceeds of the sale of another quantity of corn covered by



"Hey! Don't you want a receipt?"

August 1947

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FOR SICK-LOOKING
ENDORSEMENTS**

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RECEIVED PAYMENT
THROUGH THE ENDORSOGRAPH
PAY TO THE ORDER OF
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BALTIMORE CLEARING HOUSE
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22 JUNE 10 1947
THE BANK TRUST CO.
BALTIMORE, MD. 7-118

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LOCAL BRANCH
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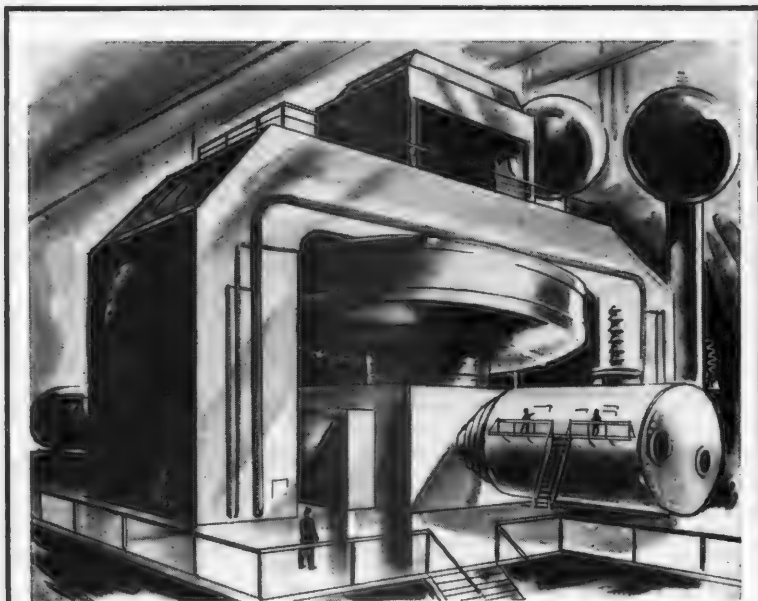
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The Seattle-First National Bank, with banking offices covering the entire State of Washington, is closely in touch with the industrial developments and opportunities in this region. If you are looking toward the Pacific Northwest and wish to have a part in its promising future, we will gladly consult with you and help you with your plans.

A quarterly publication of this Bank, giving a careful review and digest of business and industrial conditions in the Pacific Northwest, will be mailed to you regularly upon request.

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SEATTLE-FIRST NATIONAL BANK

Main Office — Seattle
Spokane and Eastern Division — Spokane



"I don't care about salary. What kind of a retirement plan do you have?"

another mortgage with D. U. S. r. Fleming, 69 F. Supp. 252, PATON'S DIGEST, Chattel Mortgages, §6.

Trust Receipts

That the Uniform Trust Receipts Act allows an entruster to repossess trusted chattels only as a pledgee, not as legal owner, is emphasized in a recent decision of the Pennsylvania Supreme Court.

Briefly, the facts in the case were these: A finance company, entruster in a trust receipt transaction, had, upon default, repossessed an automobile from defendant, the trustee in the transaction. Defendant, in possession of the certificate of title to the car, refused to surrender it in accordance with the motor vehicle law of the state. Plaintiff obtained a court order directing him to surrender it, "so that the finance company might deal with the car as it saw fit." Defendant appealed.

In sending the case back to a lower court for rehearing, the Supreme Court pointed out that, though in default, the defendant still had an interest in the automobile; surrender of the certificate of title, under an order allowing the finance company to deal with the car as legal owner, would deprive defendant of that interest.

The lower court was directed to order defendant to surrender title, but without prejudice of his rights, and to order plaintiff to furnish surety that it would then carry out its statutory obligations as pledgee.—*Automobile Banking Corp. v. Weicht*, 51 Atl. 2d 409. PATON'S DIGEST, Supp. Trust Receipts. Op. 1:7.

—J. V.

BANKING

THE DETROIT BANK

COMMERCIAL and SAVINGS BANKING

MAIN OFFICE, GRISWOLD at STATE

DETROIT, MICHIGAN

31 Branch Offices Throughout the City

Condensed Statement of Condition, June 30, 1947

RESOURCES

Cash and Due from Banks	\$ 90,814,802.43
United States Government Obligations	316,709,425.51
(Due or callable within 1 year \$83,599,361.66)	
(Due or callable 1 to 5 years \$154,118,616.42)	
State and Municipal Securities	2,909,059.25
(Due within 5 years \$1,422,171.19)	
Corporate and Other Securities (Including Detroit Savings Safe	12,119,223.32
Deposit Company Stock \$100,000)	
(Due within 5 years \$8,972,352.32)	
Loans and Discounts	53,183,956.56
Real Estate Mortgages and Loans	32,751,262.93
Federal Reserve Bank Stock	356,100.00
Bank Properties and Equipment	2,440,603.33
(Main Office and Thirty-One Branch Offices)	
Accrued Interest and Prepaid Expense	1,667,064.30
Customers Liability on Acceptances and Credits	125,512.95
Other Assets	173,552.67
Total	<u>\$513,250,563.25</u>

LIABILITIES

Commercial Deposits:	\$211,756,977.99	
Individuals, Corporations and Others	2,018,899.93	225,127,425.33
U. S. Government	11,351,547.41	268,581,597.88
Other Public Funds		493,709,023.21
Savings Deposits		478,609.17
Total Deposits		1,180,194.53
Unearned Interest		125,512.95
Accrued Dividends, Expenses and Other		
Liabilities		
Acceptances and Letters of Credit	3,370,000.00	
Preferred Stock (168,500 Shares)	3,500,000.00	
Common Stock (175,000 Shares)	5,000,000.00	
Surplus	2,028,288.00	
Preferred Stock Retirement Provision	1,205,481.49	
Undivided Profits	2,653,453.90	17,757,223.39
Reserve for Contingencies		<u>\$513,250,563.25</u>
Total		

United States Government Securities in the foregoing statement with a par value of \$8,200,000.00 pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$4,372,656.22.



Member of Federal Deposit Insurance Corporation

COLOMBIA

Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunity for travel and export and import trade in the years ahead.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 34-year old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—*Bancoquia*

Capital paid-up: \$8,184,937.—Pesos Colombian

Reserves: \$8,853,662.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cartago, Cucuta, Girardot, Magangué, Manizales, Monteria, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Tulua, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

News for Country Bankers

(CONTINUED FROM PAGE 60)

grow at least one acre of beets, thin and weed them without any help and weigh them in at the Utah-Idaho Sugar Company, as prize beets; and (2) each contestant shall keep an accurate record of all labor, costs and expenses on blanks furnished by the bank to show the actual net profits of his or her operations, which must be filed with the bank before December 1.

Prizes offered by the bank include: \$50 for the contestant growing the highest tonnage in the district; \$25 for the highest tonnage in the county, and \$15 for second highest, except in the county which receives first prize when it will be awarded to the second and third highest in the county. The sugar company also offers a \$25 prize.

The American National Bank is quite active in the annual 4-H and Future Farmers Livestock show.

Home-Community Canning

Homemakers are importuned to join this Summer and Fall in an intensive home and community food preservation program. It is pointed out by the Department of Agriculture that the surest way of insuring a year-round supply of nutritious and appetizing fruits and vegetables is to preserve and can food when it is plentiful.

In addition to activity in the home, housewives are urged by the Department to take part in community and club projects which have as their goal food for local school lunches and for charitable and welfare institutions. When canning centers are not available, the Department suggests that county home demonstration agents or other qualified persons be called in to supervise work.

Farm Appraisal Course

The fourth Farm Appraisal Case Study Course, sponsored by the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards in cooperation with the Ohio State University's College of Agriculture, will be given at Columbus, Ohio, August 22 and 23.

The course is open to mature individuals whose academic training or practical experience is equivalent to graduation from an accredited four-year high school.

Inquiries should be addressed to Institute at 22 West Monroe Street, Chicago 3.

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An Intimate, Personalized Correspondent Bank Service

Based on a Policy
of Cooperation
—Not Competition

Under the direction of officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

The
Public National
BANK AND TRUST
COMPANY OF NEW YORK
ESTABLISHED 1908

Main Office: 37 Broad Street

Member: New York Clearing House
Association, Federal Deposit Insurance
Corporation

Farm Auction Service

In 1940 Crandall Marvin, president of the Merchants National Bank and Trust Company of Syracuse, New York, started a farm auction service as a convenience to the bank's farm customers.

"After carefully surveying the needs of our farmers, said President Marvin, 'it was found that there was at least one time when they are burdened with details about which they know little—that is when they are planning and holding auctions.'"

Edward Keane, agricultural manager of the bank, consults with farm customers on many details of the auction, including the compilation of merchandise to be sold, date of the auction and the choice of an auctioneer. After these preliminary arrangements are completed, the bank prepares advertisements announcing the sale in the Syracuse and county newspapers. It also sends announcements to its list of purchasers at other auctions and to other selected farmers in the county, and puts up posters throughout the territory.

In advance of the auction, the bank assists with other details, such as arranging for conveniently located parking space, time schedule of auction, and conditioning and displaying of machinery and cattle. After being thoroughly cleaned, the machinery is arranged so that buyers can move from piece to piece to bid on each as it is offered for sale.

Whenever possible, the cattle are displayed in a tent. Customers sit on raised benches around the sides where they can see the cattle and the auctioneer. Each animal is hip-tagged. Animals are released to purchasers only upon presentation of receipts from the auction bookkeeper.

Mr. Keane and three assistants arrive at the scene early on auction day. After



Auctioneer asking for bids at a farm auction in which Merchants National Bank and Trust Company, Syracuse, had a part

checking all details, an office is set up, usually in the barn, where a bookkeeper and cashier are available throughout the sale. The other assistant works with the auctioneer to see that goods are available and prepares a sales record of items sold and sends it to the bookkeeper.

During the auction, Mr. Keane mingles with the crowd and makes credit arrangements for those desiring this service. His wide acquaintance with the farmers makes it possible for him to act quickly on loan applications.

This service has made many friends for the bank and has developed for it a great deal of other business.

The bank receives a commission of 5 percent for its part in the auction, from which it pays the auctioneer and its own expenses. In addition, the farmers pay for their advertising.

N. Y. Service Charge Plan

Elliott V. Bell, New York Superintendent of Banks, got his wish when the New York State Bankers Association published its booklet, *"Service Charges—a Challenge to Bank Management."*

Mr. Bell told New York bankers at their 1946 state convention that a sur-

vey of service charges in effect in 272 banks under his supervision revealed that there is "a well-nigh infinite variety of service charges" and suggested that bankers take another look at their schedules.

The formula suggested by the New York bankers differs only slightly from the one recommended by the Country Bank Operations Commission of the American Bankers Association in its manual, "Checking Account Service Charges for Country Banks," published in 1946.

The New York association does not recommend that its plan be adopted by banks that now "analyze all accounts by means of complete and detailed analysis formulas acceptable to depositors," or by banks which may have adopted the formula recommended by the Country Bank Operations Commission.

A condensed version of the A.B.A. manual, which was based upon a national survey of bank service charges, was published earlier this year. It is limited to an illustration and a description of the plan.

The New York formula is:

(1) A maintenance rate to be determined by each bank itself which will reimburse the bank for account maintenance, monthly statement, supplies, and so forth, *plus*

(2) A single "average item rate," to be determined by each bank itself, for each ledger entry (debit and credit), except service charge debits, and for each entry on each deposit slip, except "on us" checks deposited, *less*

(3) An earnings credit, to be determined by each bank itself, of a certain number of cents for each \$100, or \$50, of the balance which remains on deposit throughout the month; that is, the minimum balance, *equals*

(4) The service charge.

A feature of this booklet is suggested copy for a folder, pamphlet, or booklet, explaining service charges.

Speakers' table at meeting of the Michigan Bankers Association's agricultural committee at the Michigan State College of Agriculture in Lansing. *Left to right*, State Banking Commissioner E. William Nelson; Fred Marin, former MBA president and president of Bank of Lansing; Professor Herman Wyngarden; S. J. Linck, chairman, MBA's agricultural committee and executive vice-president, First State Bank, Ravenna; A. G. Brown, director, Agricultural Commission, American Bankers Association; and Fred B. Post, president MBA and president, State Savings Bank, Ionia. Twenty-two county key bankers and 10 MBA agricultural committee members attended the meeting





Other Organizations

ABW Convention

THE 25th annual convention of the Association of Bank Women will be held at the Claridge Hotel, in Atlantic City, New Jersey, September 26-28, it has been announced by Miss Willa Riley, president of the association and assistant vice-president of The Florida National Bank, Jacksonville, Florida. Miss Riley also announced the appointment of Mrs. Nancye Blackwell Staub to act as general chairman of the convention.

Mrs. Staub is assistant secretary and assistant trust officer of the Morristown Trust Company, Morristown, New Jer-

sey, and former editor of *The Woman Banker*, official publication of the association.

Other chairmen appointed to serve with Mrs. Staub are: *Program*: Miss M. Irene West, vice-president, the National Bank of Far Rockaway, Long Island, New York; *Arrangements & Entertainment*: Mrs. Mary C. Roebing, chairman of the board, Trenton (N. J.) Trust Company; *Hospitality*: Mrs. Mable S. Blanton, assistant cashier, First National Bank, Bound Brook, New Jersey; *Registration*: Miss Rebecca R. Haines, audit department, Provident Trust Company of Philadelphia, Pa.; *Treas-*

urer: Mrs. Mildred L. Staunch, secretary and assistant treasurer, Seacoast Trust Company, Asbury Park, New Jersey; *Radio Representative*: Miss Mary K. Hoyt, assistant secretary-treasurer, Montclair (N. J.) Trust Company; and *Publicity*: Miss Kathryn Bell, assistant cashier, Barnett National Bank, Jacksonville, Florida.

NABAC 1948 Conventions

The National Association of Bank Auditors and Comptrollers announced its complete schedule of conventions for
(CONTINUED ON PAGE 78)

NEW STATE ASSOCIATION PRESIDENTS

(Others appeared in July)



Left to right, RHODE ISLAND, A. Livingston Kelley, president, Providence Institution for Savings; FLORIDA, A. A. McKethan, president, Hernando State Bank, Brooksville; ARKANSAS, Thomas W. Stone, vice-president, Arkansas National Bank, Hot Springs; WISCONSIN, Roy A. Gruber, president, West Allis State Bank



Left to right, MINNESOTA, John Carlander, president, State Bank of Faribault; IOWA, W. Harold Brenton, president, Brenton State Bank, Dallas Center; OHIO, Charles W. McBride, cashier, Farmers State Bank, West Salem; NORTH DAKOTA, F. A. Foley, vice-president, Rolette County Bank, Rolla



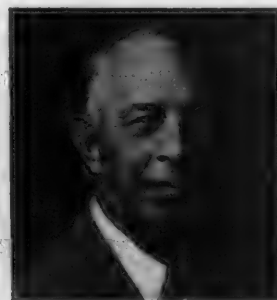
Left to right: LOUISIANA, Allen Dezauche, executive vice-president, St. Landry Bank and Trust Company, Opelousas; GEORGIA, John J. Cornell, president, Savannah Bank & Trust Company; CALIFORNIA, William A. Marcus, vice-president, American Trust Company, San Francisco; INDIANA, Robert D. Mathias, president, Old National Bank in Evansville



Left to right: DISTRICT OF COLUMBIA, Richard A. Norris, executive vice-president and cashier, Lincoln National Bank, Washington; MICHIGAN, Fred B. Post, president, State Savings Bank, Ionia; NEW YORK, William A. Kielmann, president, Peoples National Bank of Lynbrook; MASSACHUSETTS, William D. Ireland, president, Worcester County Trust Company, Worcester



Left to right: COLORADO, Carl G. Breeze, cashier, Bank of Kremmling; NEW HAMPSHIRE, Clinton W. Eastman, treasurer, The Littleton Savings Bank; CONNECTICUT, Milton H. Glover, vice-president, Hartford National Bank and Trust Company; SOUTH CAROLINA, I. P. McWhite, president, Palmetto Bank and Trust Company, Lake City



Left to right: KANSAS, E. W. Stilwell, president, Commercial National Bank, Kansas City; NORTH CAROLINA, Warren S. Johnson, president, Peoples Savings Bank & Trust Company, Wilmington; MARYLAND, T. Howard Duckett, president, Prince Georges Bank & Trust Company, Hyattsville; VIRGINIA, Warren M. Goddard, vice-president, State-Planters Bank & Trust Company, Richmond



Left, meeting of the Association of Bank Women held jointly by the Middle Atlantic and New England divisions in Washington, D. C. Among those in the picture are Miss Willa A. Riley, ABW president and assistant vice-president, Florida National Bank, Jacksonville; Miss Winifred Burwell, assistant trust officer, National Metropolitan Bank, Washington, D. C.; Miss Augusta M.



Falvey, assistant to the president and vice-president, Chelsea (Mass.) Trust Company. The last two named are regional vice-presidents of the ABW. The speaker, shown at the table near the center, was Senator Leverett Saltonstall of Massachusetts. Right, a session of the Mexican Bankers Association meeting described below. Finance Secretary Beteta discussed many problems this year

the year 1948. The Pittsburgh Conference will lead off as host to the Thirteenth Eastern Regional Conference on April 21-24. Headquarters hotel will be the William Penn. Dallas, Texas, will entertain the Eleventh Mid-Continent Regional meeting on May 5-8, with headquarters at the Baker Hotel.

The Third Western Regional Conference will be held at the Biltmore Hotel in Los Angeles, May 12-14. Atlanta, Georgia, will be the site of the Twenty-Fourth Annual National Convention. The Biltmore Hotel has been selected as headquarters and the dates are October 10-13, 1948.

Meeting in Mexico

To the Editor of BANKING:

The Thirteenth Annual Convention of the Mexican Bankers Association was held at Acapulco, famed Pacific seaside resort, at the Acapulco Sports Club, with 300 delegates attending.

The keynote address was delivered by the Secretary of the Treasury, Lic. Ramon Beteta, who gave an exposition of Mexico's financial status and the problems of the day. Presiding officer was the president of the association, Lic. Carlos Novoa, director general of the Banco de Mexico.

For the first time in many years there was a decided atmosphere of understanding between the Treasury and private banking, with an undercurrent of optimism in spite of present deflationary tendencies and a declining government reserve.

Secretary Beteta touched on many topics. He assured his hearers that the exchange rate would not be changed. He mildly chided those merchants who hold up prices, thus encouraging the black market, and asked for freer credit. Otherwise, he said, funds badly needed

for agriculture and industry will be lacking.

Among many topics discussed were the reorganization and vitalization of the Bolsa de Valores (stock exchange); an official plea for private banks as well as the public to buy more government securities; the organization of agricultural cooperatives; investment of more funds in agriculture now that the law in reference to private farm property has been amplified, and discussions

tending toward the clarification of certain laws and regulations.

Many important United States banks were represented among the 40 foreign bankers attending. There were the usual official and private entertainments in delightful weather, when bathing, deep sea fishing and water sports predominated.

JOHN VAVASOUR NOEL
Director,
Mexican News Digest

FLORIDA FACULTY

Florida bankers' short course, fifth of a series, recently was concluded at the University of Florida. The group shown here includes members of the faculty of the Florida Bankers Association education committee and association officials. From left to right, Walter J. Matherly, dean of the college of business administration, University of Florida; George R. Amy, secretary, Country Bank Operations Commission, American Bankers Association; Frank W. Sherman, president, American National Bank of Jacksonville, and chairman of the committee; Lewis Gordon, vice-president, Citizens and Southern National Bank of Atlanta; V. H. Northcutt, executive vice-president, First National Bank of Tampa; A. A. McKethan, president, Hernando State Bank, president of the Florida Bankers Association; Dr. A. P. Black, professor of chemistry, University of Florida; J. W. Speas, vice-president and trust officer, First National Bank of Atlanta; Godfrey Smith, vice-president, Capital City National Bank, Tallahassee; C. C. McCracken, personnel consultant, First National of Leesburg; G. Manuel Turner, general extension division, University of Florida, in charge of the short course; Floyd M. Call, Orlando, executive secretary, Florida Bankers Association.



THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, JUNE 30, 1947

RESOURCES

Cash and Due from Banks	\$1,113,745,115.62
U. S. Government Obligations.	2,168,562,691.23
State and Municipal Securities	90,286,043.16
Other Securities	167,465,578.51
Loans, Discounts and Bankers' Acceptances	1,203,007,457.14
Accrued Interest Receivable	10,326,383.08
Mortgages	11,238,282.40
Customers' Acceptance Liability	7,128,284.71
Stock of Federal Reserve Bank.	7,950,000.00
Banking Houses	31,848,639.55
Other Assets	2,718,654.85
	<u>\$4,814,277,130.25</u>

LIABILITIES

Capital Funds:

Capital Stock.	\$111,000,000.00	
Surplus	154,000,000.00	
Undivided Profits	52,316,584.36	
		\$ 317,316,584.36
Dividend Payable August 1, 1947		2,960,000.00
Reserve for Contingencies		16,448,721.84
Reserve for Taxes, Interest, etc.		12,291,312.47
Deposits		4,445,081,221.35
Acceptances Outstanding . . . \$ 10,936,699.47		
Less Amount in Portfolio.	3,192,082.49	7,744,616.98
Liability as Endorser on Acceptances and Foreign Bills		1,361,007.39
Other Liabilities		11,073,665.86
		<u>\$4,814,277,130.25</u>

United States Government and other securities carried at \$312,669,070.00 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

BANKING NEWS

Asks Banks to Act As GI Bond Paying Agents

Bailey Urges Them to Aid in Treasury Plan

The American Bankers Association, through its president, C. W. Bailey, has urged all banks to qualify as paying agents for the Armed Forces Leave Bonds.

In a letter to the banks Mr. Bailey reported that a simple plan, similar to that for redemption of U. S. Savings Bonds, had been developed. The service he said, would help the Treasury and would afford the banks an opportunity to improve their relations with veterans. Here is the letter:

"Legislation has now been passed permitting Armed Forces Leave Bonds to be cashed any time after Sept. 2, 1947. At present there are approximately \$8½ million of the bonds outstanding with a total value of \$1,800,000,000; they average \$214.

"In order to make these bonds cashable without inconvenience or delay, the U. S. Treasury Department is inviting all incorporated banks and trust companies to act as paying agents.

"The A.B.A. Special Committee on Savings Bond Redemption has cooperated with the Treasury in developing a simple plan of operation that would be satisfactory both to the banks and to the Treasury. The procedure will be similar to that for the redemption of U. S. Savings Bonds. Full information about the plan will come to you from the Treasury and the Federal Reserve System. Publicity and advertising should comply with Treasury regulations.

"Reimbursement to banks for cashing these bonds will be made by the Treasury on a per item basis comparable to the Savings Bond redemption schedule.

"The American Bankers Association urges all banks to



This picture was taken while Claude E. Bennett, chairman of the A.B.A. Subcommittee on FDIC Study, was testifying before the House Banking and Currency Committee on S. 1070, the FDIC Bill. Mr. Bennett, who is president of the Tioga County Savings Bank and Trust Co. of Wellsboro, Pa., was accompanied by G. Francis Cocke, chairman of the Association's Committee on Federal Legislation and president of the National Exchange Bank, Roanoke, Va., and by Evans Woollen, Jr., president of the Fletcher Trust Co., Indianapolis, and a member of the subcommittee. L to R, ABA General counsel D. J. Needham, Messrs. Bennett, Cocke and Woollen

qualify as paying agents. This service will be helpful to the Treasury Department and will give banks an opportunity to improve their relationships with veterans. It is in the interest of banking that the job be well done.

"Please let me also suggest that you urge veterans to hold their bonds until maturity unless some personal emergency requires such action. These 2½ per cent bonds are an excellent investment."

G.S.B. Sets Up Ayres Leadership Award

Through the gifts of friends, "Ayres Leadership Award," in honor of the late Brigadier General Leonard P. Ayres has been established by The Graduate School of Banking, "to be conferred at appropriate times upon a present or former student of the school who makes an outstanding contribution to banking and the national welfare."

The award was announced by Dr. Harold Stonier, director of the school, at an Ayres memorial seminar attended by the entire G.S.B. student body and faculty during the 1947 resi-

Third of Bank Checks Now Bear Route Symbol

More than a third of all bank checks clearing through the Federal Reserve banks now bear the check routing symbol introduced jointly by the A.B.A. Bank Management Commission and the Federal Reserve System, says E. V. Krick, Commission chairman and senior vice-president, American Trust Co., San Francisco.

dent session at Rutgers University. Since the school was founded in 1935, General Ayres had delivered the annual economics lecture.

Dr. Stonier said that the Ayres Leadership Award would not be an annual honor, but would be conferred "when in the judgment of the faculty" a student or alumnus is worthy of the honor. It will probably be made at the annual conventions of the A.B.A.

General Ayres, executive vice-president of the Cleveland Trust Company, died Oct. 29, 1946.

St. Louis Banks Hosts to A.B.A. Delegates

Ask Convention-Bound Bankers to Breakfast

Delegates to the American Bankers Association convention in Atlantic City on Sept. 28 to Oct. 1 who pass through St. Louis en route are invited to be the breakfast guests of the St. Louis Clearing House Association on Sept. 26.

W. O. Crawford, assistant vice-president, Mississippi Valley Trust Company, is chairman of the breakfast arrangements committee. Assisting him are: Robert R. Heslep, assistant vice-president, Boatmen's National Bank; Stuart H. Smith, vice-president, First National Bank; Carroll F. Burton, vice-president, United Bank and Trust Company; Elmer Von Doersten, vice-president, Tower Grove Bank and Trust Company; Edward E. Marshall, assistant vice-president, Mercantile-Commerce Bank and Trust Company; Joseph F. Holland, vice-president, Manufacturers Bank and Trust Company, and R. R. Tillay, manager, St. Louis Clearing House Association.

New Ad Series

Two mid-summer newspaper advertising series have been completed by the Advertising Department of the American Bankers Association, featuring 18 ways to use a checking account and 18 reasons for banking by mail.

Two new direct mail folders have been released by the department: "Personal Money Management," which gives suggested distribution of income after income taxes, and another which, by means of cartoons, illustrates the hazards facing valuables left in the home while the owners are on vacation.

Situation cartoons, with copy, tell the entire story in the bank-by-mail newspaper series. The drawings are by Dick Ericson, whose humorous jibes brighten BANKING's editorial pages.

New Members

Fourteen banks in 14 states joined the American Bankers Association during June, reports Max Stieg, chairman of the Organization Committee and cashier, Dairyman's State Bank, Clintonville, Wis.

Committees Named for West Coast Trust Meet

B. B. Brown, vice-president and trust officer of the American Trust Company, San Francisco, has been named general chairman for the 21st Regional Trust Conference of the Pacific Coast and Rocky Mountain States, to be held by the American Bankers Association at the St. Francis Hotel, San Francisco, on Oct. 22, 23, and 24. Local arrangements for the conference are in charge of the Associated Trust Companies of Central California.

Chairman Brown has completed the organization of the conference committees. The chairmen are:

General committee, Mr. Brown; program, Harry M. Bardt, vice-president and senior trust officer, Bank of America; hotel and registration, Robert V. Walsh, trust officer, Crocker First National Bank; publicity, Laurence H. Sharp, vice-president and trust officer, The Anglo California National Bank; entertainment, Jackson D. Baker, vice-president and trust officer, The San Francisco Bank; finance, C. Nelson Hackett, vice-president and trust officer, The Bank of California.

The president of the Trust Division is Evans Woollen, Jr., president, Fletcher Trust Company, Indianapolis.

72.8% of U. S. Banking Offices Accept Savings Deposits, A.B.A. Survey Shows

A survey by the Savings Division of the American Bankers Association shows that 13,765, or 72.8 percent, of the 18,895 banking offices in the nation accept savings accounts.

While savings banking is traditional along the Atlantic seaboard, the East North Central states, including Ohio, Indiana, Illinois, Michigan, and Wisconsin, lead the country with 83.2 percent of all banking offices accepting such accounts.

Wyoming, with 98.1 percent, has the highest mark for any state, while Arizona has the lowest average, 14.8 percent. In Florida, 97.8 percent of the banks offer this service, the highest percentage on the Atlantic coast; on the Pacific coast Washington leads with 93 percent.

Smith Leaves A.B.A. Staff for Bank Post

Howard B. Smith has resigned the directorship of the Real Estate Finance Department of the American Bankers Association to become treasurer of the Middletown (Conn.) Savings Bank. He will be the operating head of the bank.

Mr. Smith joined the A.B.A. staff early in 1945 as assistant director of research in mortgage and real estate finance and succeeded Dr. Ernest M. Fisher, now of Columbia University, to the directorship on Dec. 1, 1946.

Before coming to the Association, Mr. Smith was mortgage analyst of the Worcester County Institution for Savings at Worcester, Mass., with which he was associated for 20 years. He has been active in the affairs of the American Institute of Banking and taught its course in "The Fundamentals of Banking" in Worcester Chapter of the Institute for several years. He is an alumnus of The Graduate School of Banking, Class of 1943. For the past two years he has been a member of the faculty of the Graduate School.

Mr. Smith will assume his duties with the Middletown Savings Bank about Sept. 1.

Committee Seeks Data on Employee Trusts

Up-to-date information on employee trusts is being sought by a committee of the Trust Division of the American Bankers Association.

A questionnaire has been sent to all Division members asking how existing pension or employee trusts are funded, what major difficulties are encountered in administering them, and what changes, if

Plan Savings-Mortgage Conference in Augusta

Plans are being developed for the savings and mortgage conference for southern bankers, to be held in Augusta, Ga., Nov. 20 and 21.

The Georgia Bankers Association and the Augusta banks invited the A.B.A. Savings Division to conduct the two-day meeting. Georgia, Florida, Alabama, North and South Carolina and Tennessee are the states in the conference area.

The headline over the conference announcement in "Banking News" for July erroneously stated that the meeting was scheduled for Atlanta. The place is Augusta.

any, are needed in federal tax laws relating to employee trusts.

The study is being made by the Committee on Employees' Trusts.

Mrs. E. Kay Madden of the Seattle First National Bank, left, new chairman of the National Women's Committee, American Institute of Banking, receives the gavel from her predecessor, Miss Alice I. Jones of the Third National Bank & Trust Co., Scranton, Pa.



CALENDAR

American Bankers Association

- Sept. 28- Oct. 1 Annual Convention, Atlantic City, New Jersey
- Oct. 22-24 Pacific Coast & Rocky Mountain States Trust Conference, San Francisco
- Nov. 6-7 Mid-Continent Conference, Chicago
- Nov. 20-21 Savings and Mortgage Conference, Augusta, Ga.

State Associations

- Oct. 6-8 Iowa, Hotel Fort Des Moines, Des Moines
- Oct. 8-10 Kentucky, Brown Hotel, Louisville
- Nov. 10-11 Nebraska, Paxton Hotel, Omaha

Other Organizations

- Sept. 11-13 Savings Banks Association of Massachusetts, New Ocean House, Swampscott, Massachusetts

- Sept. 14-17 Savings Banks Association of Maine, Poland Spring House, Poland Spring, Maine
- Sept. 15-22 U. S. Savings & Loan League, San Francisco
- Sept. 23-27 National Association of Supervisors of State Banks, Mayflower Hotel, Washington, D. C.
- Sept. 26-28 Association of Bank Women, Claridge Hotel, Atlantic City, N. J.
- Oct. 2-4 Mortgage Bankers Association, Hotel Statler, Cleveland
- Oct. 3-4 New York State Safe Deposit Association, Waldorf-Astoria Hotel, N. Y.
- Oct. 6-9 Financial Advertisers Association, Waldorf-Astoria, New York
- Oct. 22-25 National Association of Bank Auditors and Comptrollers, Baltimore, Maryland
- Nov. 10-11 Western Secretaries' Conference, Salt Lake City

THE INDIANA NATIONAL BANK OF INDIANAPOLIS

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Auditor

CHARLES H. GAUDING

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	RUSSELL L. WHITE <i>President</i>



CONDENSED STATEMENT OF CONDITION JUNE 30, 1947

RESOURCES

Cash on Hand and on Deposit with Federal Reserve and Other Banks	\$ 85,796,198.40	\$218,702,993.43
U. S. Government Securities	132,906,795.03	
Other Bonds and Securities		16,653,246.41
Stock in the Federal Reserve Bank		360,000.00
Loans and Discounts		41,080,494.45
Bank Buildings		200,000.00
Accrued Interest Receivable		673,489.31
Other Resources		167,988.55
		<u>\$277,838,212.15</u>

LIABILITIES

Capital	\$ 4,000,000.00	
Surplus	8,000,000.00	\$ 12,249,302.27
Undivided Profits	5,249,302.27	
Accrued Interest, Taxes and Other Expenses		736,309.90
Dividend Payable July 1, 1947		120,000.00
Deposits (Including U. S. Government Deposits \$2,222,544.82)		259,666,788.46
Unearned Discount		52,635.10
Other Liabilities		13,176.42
		<u>\$277,838,212.15</u>



Member of Federal Deposit Insurance Corporation

Direct vs Indirect Auto Financing

(CONTINUED FROM PAGE 39)

less expensive procedure in that the interviewing and the preparation of the necessary papers have been completed when the transaction is received by us for discounting. As opposed to this, the direct method requires the time of an interviewer, the preparation of papers, the filing of papers and other time consuming operations, all of which add to our expenses.

"Third, despite the need for approval of certain borderline credit risks when accepting paper from dealers, all such transactions are usually on a recourse or repurchase basis with the dealer and this, in our opinion, gives us added protection which is not available in direct lending. The advantages of having a reputable dealer dispose of the car upon repossession are not so evident in today's market, but they will be of importance when we enter what can be considered a normal market.

"Finally, we believe that this discounting relationship with the dealer gives the bank an opportunity to perform more services for the dealer who, as you know, is recognized in each community as one of its leading merchants. By floor planning his wholesale purchases, making capital loans, or financing his purchases of real estate, we can, in addition to performing a service for his customer, give him an all-around banking service which he needs."

When Terms Enter the Competitive Arena

(CONTINUED FROM PAGE 37)

problem is buying and merchandising, and that financing is a secondary problem. Regardless of how easily you may have handled this phase of the business in the past, and regardless of how well financed you may be at the present time, I want to make the flat statement that most of you, large or small, are going to be scratching for money within the very near future; and you better start looking around to make arrangements for either additional capital or new or increased borrowing limits, or arrange for the discounting of your time sales paper. I know that many of you

will sit back and say that this situation does not apply to you because you are amply financed, have plenty of cash on hand or available credit, and, therefore, why bother with this worry when you have so many other worries on your merchandising problems.

"Prior to the war a great many of you ran furniture stores that sold only furniture, just the same as drug stores used to sell only drugs. However, with the advent of the war and the conversion of a great many factories to war work, you found yourselves with a dwindling supply of merchandise. What happened? Your furniture store of today probably includes a jewelry depart-

ment; a sporting goods department; perhaps ladies' ready-to-wear; perhaps a shoe department; perhaps a larger houseware department including the sale of power lawn-mowers, motor scooters, etc.; perhaps a dozen other departments that are too numerous to mention. The chances are that you are not going to eliminate any of these departments, now that furniture is becoming more readily available. Consequently, you are going to carry an inventory consisting of a great many more articles than you ever carried before; and with the increased cost of this inventory, you are going to find that your dollars and cents investment is much

NOW ON THE RAILS!

Olympian Hiawathas

CHICAGO-PACIFIC NORTHWEST



NEW BEAUTY, new facilities, new luxury and economy features are yours on the diesel-powered OLYMPIAN HIAWATHAS. These silent and smooth-riding Speedliners offer a full range of accommodations.

Touralux sleeping cars have longer, higher and wider lower berths; all berths with individual air conditioning; exceptionally spacious lounging rooms. You get comfort and privacy at economy prices.

The handsome dining car has unusual angle seating. The gay and informal Tip Top Grill, also open to all passengers, is a full car with snack section and cocktail room.

Coaches are of an improved Hiawatha type with individual reclining chairs. There is a coach-Touralux car reserved exclusively for women and children.

Drawing rooms, compartments, bedrooms and berths available in standard Pullmans with observation-lounge.

F. N. Hicks, Passenger Traffic Manager
The Milwaukee Road
710 Union Station, Chicago 6, Ill.

THE MILWAUKEE ROAD

The friendly Railroad of the friendly West

larger than you ever experienced in pre-war days.

"Still another factor that will determine your need for additional capital or credit facilities comes from your financing operations. A good share of you probably carry your own time sales paper or have financing connections whereby you put up this paper as collateral for loans to handle this end of your business. I want to say to you that regardless of how much financing volume you had in the past, your peak amount of outstandings in the very near future will exceed anything you had in the past.

"The reason I say this is because the selling price of your present merchan-

dise is so much higher than it was prior to the war, the amount you will have to carry back will be proportionately that much larger so that even if you don't sell any more units of furniture from now on, you will still tie up approximately twice as much money in your financing operation as you did in the past."

FHA Lenders Cooperate

The "Title I Lenders Committee, Los Angeles District" is a group of representatives of the major FHA lenders in the Los Angeles area which meets informally but regularly. Realizing the need for closer cooperation among themselves in solving problems in operation

of the Title I program, the committee has three objectives:

(1) To discuss and clarify Title I operating procedure in the interest of better and faster service to the public.

(2) To establish a more uniform policy of dealer control.

(3) To achieve closer coordination with the aims and purposes of the Federal Housing Administration.

Results, according to E. M. Carver, California Bank, have more than justified the committee's existence. In many instances, the FHA representative has cooperated in contacting delinquent borrowers, with the result that their loans have been made current and the need for filing claims eliminated. The policy of the committee with respect to dealers has promoted better dealer relations and sounder Title I lending practices. Inadvertent violations of regulations by dealers have been corrected and misunderstanding regarding procedure and eligibility have been cleared up.

Earnings Ratios in Instalment Credit

For a number of years, according to Elmer E. Schmus, vice-president and cashier, The First National Bank of Chicago has maintained statistics and compiled ratios, obtained from the audit reports and supplemental information furnished in questionnaires by a number of its instalment sales finance company accounts, of ratios relating to earnings. As of December 31, 1935, these companies reflected an average net profit to average net worth of 16¼ percent. This was gradually reduced as a result of lower rates to the consumer and higher taxes, so that at December 31, 1941, the average net profit declined to 11.03 percent and at December 31, 1942, stood at 8.46 percent. During this period the net profit to retail paper purchased was reduced from 2.95 percent on December 31, 1935, to 1.96 percent on December 31, 1941, and the net profit to total purchases was reduced from 1.70 percent to 1.11 percent in the same period. The high points in the percent of net profit to total purchases occurred on December 31, 1938, when the net profit was 1.95 percent, and on December 31, 1942, when it was 1.85 percent. Both of these latter ratios, however, were higher because of the absorption of deferred income accumulated on the high volume of the preceding years and taken into income during the low volume periods of 1938 and 1942. These figures indicate both divisions are a volume business, according to Mr. Schmus.

the FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of June 30, 1947

RESOURCES

Cash and Due from Banks.....	\$ 55,050,404.51
United States Bonds.....	84,645,414.15
Other Bonds and Securities.....	19,134,811.46
*Loans and Discounts.....	64,281,862.48
Federal Reserve Stock.....	360,000.00
Banking Premises Occupied.....	3,661,321.00
Customers' Liability Under Acceptances.....	50,295.00
Other Resources.....	684,207.13
TOTAL.....	\$227,868,315.73

LIABILITIES

Capital Stock.....	\$ 6,000,000.00
Surplus.....	6,000,000.00
Undivided Profits.....	3,204,339.66
Total Capital Funds.....	\$ 15,204,339.66
General Reserve.....	3,568,963.38
Reserve for Dividends Payable.....	90,000.00
Reserve for Taxes.....	848,176.29
Reserve for Interest, etc.....	184,389.05
Liability Under Acceptances.....	50,295.00

DEPOSITS:

**Commercial, Bank and Savings.....	206,152,026.64
U. S. Government.....	1,451,637.95
Other Liabilities.....	318,485.76
TOTAL.....	\$227,868,315.73

*In addition to this item as shown we have unused Loan Commitments outstanding in the amount of \$6,500,036.18.

**This includes \$2,749,241.72, of trust moneys on deposit in the Banking Department, which, under the provisions of the banking law, Section 710-165 of the State of Ohio, is a preferred claim against the assets of the bank.

DIRECTORS

CHARLES F. BARRETT
Railway Express Agency, Inc.
WALTER C. BECKJORD
President, The Cincinnati Gas and Electric Co.
STERLING B. CHAMER
First Vice President
POWEL CROSBLEY, JR.
President, Crosley Motors, Inc.
EDWARD W. EDWARDS
Chairman of Board, The Edwards Mfg. Co.
JOHN H. GOYERT
Emeritus
JOSEPH S. GRAYDON
Craydon, Head and Ritchey, Attorneys
E. WEBSTER HARRISON
Partner, Harrison & Co.
JOHN B. HOLLISTER
Taff, Steinhilber & Hollister, Attorneys
LOUIS L. KAUFMAN
Sec. and Treas., Wm. J. Herbert Realty Co.

RICHARD E. LEBLOND
President, The R. K. LeBlond Machine Tool Co.
WILLIAM H. MOONEY
President, The American Oak Leather Co.
GEORGE A. RENTSCHLER
Chairman of Board, General Machinery Corp.
JOHN J. ROWE
President
CARL J. SCHMIDLAPP
Vice Pres., The Chase National Bank, N. Y.
HAROLD T. SIMPSON
President, Printing Machinery Corp.
LEONARD S. SMITH, JR.
President, The National Marking Machine Co.
ETHAN B. STANLEY
Ch. of Board, The Amer. Laundry Machinery Co.
WILLIAM A. STARK
Vice President and Trust Officer
CLIFFORD R. WRIGHT
Chairman Investment Committee The Union Central Life Insurance Co.

MAIN OFFICE: FOURTH & WALNUT STS.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION—MEMBER FEDERAL RESERVE SYSTEM

Brand Your Consumer Credit Service

In connection with promotional activity, brand your consumer credit service the same as a manufacturer brands his different merchandise. C. F. Gilbert of Westinghouse Electric Corporation suggested to the thirteenth annual institute of the American Industrial Bankers Association.

Branding, according to Mr. Gilbert, assists the public to distinguish between the different banks financing consumer credit. "If you can state a certain exclusive something your type of service does or its plus value to the consumer, you create the needed incentive for public acceptance of your plan over others. Thus, you pave the way to quickly and easily secure dealer accounts. When dealers receive inquiries about your brand of financing and realize it is the one brand that really has public acceptance, you will eliminate much of the difficulty you may now be experiencing in signing them up. One bank advertises 'Bank credit is a source of pride and proof of character.' Another says, 'We make 97.8 percent of all the loans applied for.' Tie in your name on a slogan of this kind or similar wording. Once you convince the public yours is the *only* service they should use, they in turn will convince the dealer."

Volume Up, Percentage Profits Down in Instalment Lending

The consuming public borrowed an average of \$1,224,530 in 1946 from member institutions of the American Industrial Bankers Association, according to Myron R. Bone, executive vice-president of the association. This figure is \$553,764 above that for 1945 and \$553,810 higher than the average of the last 11 years. Last year was the first year in which the average volume exceeded the million dollar mark since the A.I.B.A.'s statistical studies were begun in 1936.

The average loan made to the individual borrower also stood at a new high in 1946, Mr. Bone said. This figure is \$439 as compared with \$357 in 1945 and \$256 for the 11-year average, a gain of \$82 per loan over the 1945 average and \$183 over the average for the 11-year span.

Despite this gain in volume, however, net profits, while at a new high figure since 1937, were not as great, percentage-wise, as they were in 1945.

CONDENSED STATEMENT OF CONDITION At the Close of Business June 30, 1947

ASSETS			
Cash on Hand and with the Federal Reserve Bank	\$57,937,865.09		
Due from Other Banks	7,372,564.23		
United States Government Securities	184,145,328.89	\$249,455,758.21	
Other Bonds and Debentures		99,500.00	
Other Securities		9.00	
Miscellaneous City and County Warrants		86.18	
Stock in Federal Reserve Bank		360,000.00	
Loans and Discounts		30,402,267.59	
Bank Premises, Furniture and Fixtures		4.00	
Customers' Liability on Letters of Credit and Acceptances		299,173.67	
Customers' Liability Under Loan Commitment Agreements		5,467,500.00	
Interest Accrued and Uncollected on Loans and Securities		28,778.14	
Interest Accrued and Uncollected on U. S. Government Securities		610,571.12	
Total		\$286,723,647.91	
LIABILITIES			
Deposits:			
Demand	\$164,186,794.12		
Time	85,238,630.59		
Public Funds and United States War Loan			
Deposit Account	16,685,800.79	\$266,111,225.50	
Letters of Credit and Acceptances		332,432.27	
Loan Commitment Agreements		5,467,500.00	
Interest Collected but Unearned		35,638.49	
Reserved for Dividends, Taxes and Insurance		625,272.65	
Reserved for Interest		1,579.00	
Capital Paid In	\$6,000,000.00		
Surplus	6,000,000.00		
Undivided Profits	2,150,000.00	14,150,000.00	
Total		\$286,723,647.91	

4TH AT MAIN
(54)

THE FARMERS AND
MERCHANTS

MADISON 7272

National Bank of Los Angeles

THE OLDEST BANK IN SOUTHERN CALIFORNIA

• MEMBER • FEDERAL DEPOSIT INSURANCE CORPORATION •

STEADY GROWTH



... growth that measures the steadily increasing recognition of the need for Life Insurance on Consumer Credit...and the superior type of coverage and service Old Republic provides.

Old Republic offers a complete line of group and optional insurance on Consumer Credit, written on either a monthly-decreasing or level-term basis. Write for complete information on rates, commissions and coverage.

OLD REPUBLIC
CREDIT LIFE INSURANCE COMPANY

James H. Jarrell, President
309 West Jackson Boulevard, Chicago

HEARD ALONG MAIN STREET



Cap, Gown and Hood

IN PREPARING this month's budget of Main Street news, **BANKING** found so many items about bankers who had received academic recognition at 1947 commencements that a special story about them seemed to be in order. Undoubtedly we missed some—and we're sorry—but here's the roster as compiled from items brought to our attention.

HERBERT V. PROCHNOW, vice-president of The First National Bank of Chicago, received the degree of Doctor of Philosophy from Northwestern University. The title of his thesis is "Term Loans in Practice and Their Place in Banking Theory." Dr. **PROCHNOW** is director of the School of Banking for the Central States, conducted for a fortnight each Summer at the University of Wisconsin.

New York University gave the honorary degree of Doctor of Laws to **ALLAN SPROUL**, president of the Federal Reserve Bank of New York.

I. F. FREIBERGER, chairman of the board of The Cleveland Trust Company, was awarded the honorary degree of Doctor of the Humanities from Western Reserve University. To mark the

Cleveland Trust President George Gund presents the silver tray to Chairman Freiburger



occasion, his colleagues at the bank—employees and fellow directors—presented him with a silver tray.

JOHN P. MYERS, president of the Plattsburg (New York) National Bank and Trust Company, has been elected vice-chancellor of the New York State Board of Regents which supervises the state's educational system. Mr. **MYERS** is a former president of the New York State Bankers Association and of the Plattsburg board of education.

A. D. THOMPSON, president of the National Bank of Commerce in Houston, received the honorary degree of Doctor of Laws from Southwestern University. From 1913 to 1917 Mr. **THOMPSON** was administrative assistant to the university's president.

Amherst College awarded an honorary Master of Arts degree to **JAMES L. FORD, JR.**, vice-president of the First National Bank in St. Louis.

Ursinus College, Collegeville, Pennsylvania, has named a dormitory in honor of Mrs. **RHEA DURYEA JOHNSON**, a statistician at the Federal Reserve Bank of Philadelphia. Mrs. **JOHNSON**, daughter of Charles Duryea, automobile pioneer, is the first woman to serve on the college's board of directors. She was graduated in 1908.

Vice-president **H. R. TEMPLETON** of The Cleveland Trust Company has been made a trustee of Hiram College.

Women in Banking

MRS. MARGARET S. MCCLURE, auditor of The City Bank of Washington, D. C., was elected chairman of the Auditors' Section of the District of Columbia Bankers Association. She is the first woman in the history of the

National Association of Bank Auditors and Comptrollers to be elevated to this position.

The New England Division of the Association of Bank Women recently held its summer meeting at Manchester, Massachusetts. Miss **AUGUSTA M. FALVEY**, regional vice-president and a member of the staff of the National Shawmut Bank, Boston, presided.

The new president of the Association of Chicago Bank Women is Miss **ELIZABETH KLEINDIENST** of the personnel department, Harris Trust and Savings Bank.

50 Year Club

THE Kansas Bankers Association has formed the 50-Year Club for bankers whose period of active service in Kansas banking has been half a century or more.

The club was organized, with 22 members, at the recent 60th anniversary meeting of the association. Twelve of the veterans were present, each receiving a membership certificate.

(CONTINUED ON PAGE 88)

National City Bank of New York won the Sabin Cup in the 28th annual bank clerks' golf tournament sponsored by the Bankers Athletic League of New York City. Chase National was runner up. Below, the City team, **J. J. Lawlor**, **Walter Brier**, **Peter Brennan**, **John Frassa** and **Hugh Brewer**



Guaranty Trust Company of New York

FIFTH AVE. OFFICE
Fifth Ave. at 44th St.

MAIN OFFICE
140 Broadway

MADISON AVE. OFFICE
Madison Ave. at 60th St.

ROCKEFELLER CENTER OFFICE
40 Rockefeller Plaza

LONDON • PARIS • BRUSSELS

Condensed Statement of Condition, June 30, 1947

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers . . .	\$ 596,220,879.07
U. S. Government Obligations . . .	1,406,053,590.09
Loans and Bills Purchased . . .	679,092,157.52
Public Securities . . .	\$ 86,086,185.88
Stock of the Federal Reserve Bank . . .	9,000,000.00
Other Securities and Obligations . . .	10,536,043.20
Credits Granted on Acceptances . . .	3,780,808.77
Accrued Interest and Accounts Receivable . . .	10,966,484.77
Real Estate Bonds and Mortgages . . .	1,405,637.19
	121,775,159.81
Bank Premises . . .	4,886,185.78
Other Real Estate . . .	135,002.72
Total Resources . . .	\$2,808,162,974.99

LIABILITIES

Capital . . .	\$ 100,000,000.00
Surplus Fund . . .	200,000,000.00
Undivided Profits . . .	58,124,196.08
Total Capital Funds . . .	\$ 358,124,196.08
Deposits . . .	\$2,382,683,139.73
Treasurer's Checks Outstanding . . .	35,022,921.66
Total Deposits . . .	2,417,706,061.39
Acceptances . . .	\$ 10,459,242.00
Less: Own Acceptances Held for Investment . . .	6,678,433.23
	\$ 3,780,808.77
Liability as Endorser on Acceptances and Foreign Bills . . .	328,334.00
Dividend Payable July 1, 1947 . . .	3,000,000.00
Items in Transit with Foreign Branches (and Net Difference in Balances between Various Offices Due to Different Statement Date of Foreign Branches) . . .	278,650.17
Accounts Payable, Reserve for Expenses, Taxes, etc. . .	24,944,924.58
Total Liabilities . . .	\$2,808,162,974.99

Securities carried at \$95,316,723.33 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes. This Statement includes the resources and liabilities of the English, French, and Belgian Branches as of June 26, 1947.

J. LUTHER CLEVELAND
Chairman of the Board

W. PALEN CONWAY
Chairman of the Executive Committee

WILLIAM L. KLEITZ
President

DIRECTORS

GEORGE G. ALLEN Director, British-American Tobacco Company, Limited, and President, Duke Power Company
WILLIAM B. BELL President, American Cyanamid Company
F. W. CHARSKIE Chairman, Executive Committee, Union Pacific Railroad Company
J. LUTHER CLEVELAND Chairman of the Board
W. PALEN CONWAY Chairman of the Executive Committee
CHARLES P. COOPER Executive Vice-President, American Telephone and Telegraph Company
WINTHROP M. CRANE, JR. President, Crane & Co., Inc., Dalton, Mass.
STUART M. CROCKER President, Columbia Gas & Electric Corporation

JOHN W. DAVIS of Davis Polk Wardwell Sunderland & Kiendl
CHARLES E. DUNLAP President, Berwind-White Coal Mining Company
GANO DUNN President, The J. G. White Engineering Corporation
WALTER S. FRANKLIN Vice-President, The Pennsylvania Railroad Company
LEWIS GAWTRY
JOHN A. HARTFORD President, The Great Atlantic & Pacific Tea Company
CORNELIUS F. KELLEY Chairman of the Board, Anaconda Copper Mining Company
MORRIS W. KELLOGG Chairman of the Board, The M. W. Kellogg Company

WILLIAM L. KLEITZ President
CHARLES S. MUNSON President, Air Reduction Company, Inc.
WILLIAM C. POTTER Retired
GEORGE E. ROOSEVELT of Roosevelt & Son
EUGENE W. STETSON Chairman, Executive Committee, Illinois Central Railroad Company
ROBERT T. STEVENS Chairman of the Board, J. P. Stevens & Company, Inc.
THOMAS J. WATSON President, International Business Machines Corporation
CHARLES E. WILSON President, General Electric Company
ROBERT W. WOODRUFF Chairman, Executive Committee, The Coca-Cola Company

Member Federal Deposit Insurance Corporation



M. H. MALOTT, president, Citizens Bank, Abilene, acknowledging the honor on behalf of the members, spoke in a reminiscent vein. He celebrated his 61st anniversary as a banker on October 20, 1946.

Other members present were: W. A. BYERLEY, president, Humboldt National Bank, 51 years, March 13, 1947; A. D. JELLISON, president, Wilson State Bank, 52 years, March 1947; THOMAS H. BOWLUS, president, Allen County State Bank, Iola, 52 years, January 1947; J. A. KESLER, president, Kansas State Bank, Overbrook, 52 years, January 10, 1947; J. D. STEWART, president, The St. John National Bank, 53 years, June 12, 1947; B. A. FLACK, president, The Dickinson County Bank, Enterprise, 53 years, June 2, 1947; O. J. SCOTT, assistant cashier, Patrons

Cooperative Bank, Olathe, 53 years, March 1, 1947; J. D. JOSEPH, president, Bank of Whitewater, 53 years, April 1, 1947; F. A. VANIMAN, president, Peoples State Bank, McPherson, 56 years, November 1, 1946; CHARLES TESTARD, vice-president, First National Bank of Wichita, 60 years, March 1947; H. E. SUDERMAN, president, Midland National Bank, Newton, 60 years November 1, 1946.

Members not present: W. W. PATTERSON, president, City State Bank, Fort Scott, 50 years, November 1, 1946; CHARLES W. CAMPBELL, president, First National Bank, Norton, 51 years, May 1, 1947; GEORGE W. KUHN, cashier, Lawrence National Bank, 52 years, November 1946; C. L. CUMMINGS, vice-president, Farmers and Merchants State Bank, Effingham, 53 years, April 1, 1947; O. B. TAYLOR, JR., president, First National Bank, Leavenworth, 57 years, October 1, 1946; DANIEL MEARA, president, The State Bank of Axtell, 57 years, July 1, 1947;

J. M. McCASLIN, vice-president and cashier, Bank of Kincaid, 58 years, May 20, 1947; FRANK HAGEMAN, chairman, The National Bank of America, Salina, 59 years, May 5, 1947; GEORGE W. LEMON, president, First National Bank in Pratt, 60 years, December 1946; WILLIAM DOCKING, chairman, The First National Bank, Lawrence, 61 years, April 1, 1947.

Reminiscence

PERCY M. CHRISTIE, now in his 51st year with The Citizens National Bank and Trust Company of Englewood, New Jersey, was a New York Chapter delegate to the 1905 Minneapolis convention of the American Institute of Banking where he met JOSEPH CHAPMAN, "father of the A.I.B. idea." After reading the article in June BANKING on the Institute's origin Mr. CHRISTIE wrote to Mr. CHAPMAN recalling an incident at the convention.

"I had with me," he said, "ten \$10 travelers' checks, the first of which I decided to cash at the Northwestern National [Mr. CHAPMAN's bank]. Your alert teller rightfully refused to do this as it had not been signed by our cashier, Charles F. Park. Upon the teller's suggestion, I explained my predicament to you and you very kindly authorized the teller to cash all the checks, requesting that I ask Mr. Park to sign them when they arrived at our bank. They did arrive in due course and I hereby thank you again for your help in the matter."

ARCHIE D. SWIFT, recently elected chairman of the board of the Central-Penn National Bank of Philadelphia, started with the bank as an assistant cashier in 1916 and had been president since 1929. He is chairman of the clearinghouse committee of the Philadelphia Clearing House Association. The bank's new president is C. A. SIENKIEWICZ, formerly a vice-president of the Federal Reserve Bank of Philadelphia and a member of that bank's staff for more than 27 years.

FRANK C. RATHJE, president of the Chicago City Bank and Trust Company, and immediate past president of the American Bankers Association, has

Mr. Rathje

Mr. Van Schaak



STATEMENT OF CONDITION AS OF JUNE 30, 1947

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

OFFICERS

Ben R. Meyer
President
H. F. Hahn
Vice-President
J. C. Lipman
Vice-President
A. L. Lathrop
Vice-President
P. E. Neuschaefer
Vice-President
Louis Siegel
Vice-President
J. W. Lewis
Vice-President
W. C. Neary
Cashier
W. J. Hunter
Assistant Vice-President
J. W. Lubring
Assistant Vice-President
R. R. Newmark
Assistant Vice-President
Rod Maclean
Assistant Cashier
C. H. Landis
Assistant Cashier
H. N. Herzkoff
Assistant Cashier
A. L. Somerindyke
Assistant Cashier
J. K. Allen
Assistant Cashier
R. F. Campbell
Assistant Cashier
Don R. Cameron
Senior Trust Officer
F. H. Kerns
Trust Officer
M. Morris
Assistant Trust Officer
W. Watson
Comptroller

Resources

Cash on hand and due from Federal Reserve and Other Banks	\$ 38,329,212.89
U. S. Government Securities	\$ 53,188,749.12
Federal Reserve Bank Stock	210,000.00
Other Securities	4.00
Loans and Discounts	49,201,174.21
Union Bank Building and Customer Auto Park	1,650,000.00
Other Real Estate Owned	1.00
Safe Deposit Vaults	1.00
Furniture and Fixtures	1.00
Customers' Liability under Letters of Credit and Acceptances	887,728.88
Other Resources	23,129.86
TOTAL	\$143,490,001.96

Liabilities

Capital	\$ 3,500,000.00
Surplus	3,500,000.00
Undivided Profits	1,574,748.18
Reserved for Contingencies	\$ 8,574,748.18
Reserved for Interest, Taxes, Dividends, etc.	607,443.82
Liability under Letters of Credit and Acceptances	1,165,792.20
Discount Collected—unearned	1,005,131.37
Other Liabilities	242,284.07
DEPOSITS: Demand	210,634.88
Time	\$ 95,799,961.03
United States War Loan deposits and other public funds	31,646,387.43
TOTAL	\$143,490,001.96

United States Government obligations carried at \$8,690,000.00 in the foregoing statement are pledged to secure public funds and for other purposes required by law

THE BANK OF PERSONAL SERVICE • WE HAVE NO BRANCHES

UNION BANK & TRUST CO OF LOS ANGELES

been installed as 62nd president of the Union League Club of Chicago.

HENRY C. VAN SCHAAK, Denver real estate man and director in several local companies, is the new chairman of the board of The Denver National Bank, succeeding the late JAMES B. GRANT.

STANLEY W. COUSLEY, formerly senior vice-president, has been elected president of Fidelity-Philadelphia Trust Company, succeeding MARSHALL S. MORGAN who is retiring. Mr. COUSLEY has spent his entire business career with the bank and has worked in all its departments. His only absence was during World War I when he served overseas as a first lieutenant with the 30th Division. He is a member of the Executive Council of the American Bankers Association.

ARTHUR T. PETERSON has been named joint manager of the main London office of Guaranty Trust Company of New York. He has been associated with the bank's foreign organization for 20 years, recently as joint manager of the Kingway office in London.

CRAIG THORBURN has retired as cashier-comptroller of the First National Bank of Nevada, Reno. His banking career in Nevada and California extends over four decades, the last 13 years of which were spent with the Nevada institution. He has been succeeded by E. H. FITZ.

The First National Bank of Danville, Virginia, recently celebrated its 75th birthday.

JOHN R. CHRISTIE, junior vice-president and director of public relations and advertising for the Citizens National Trust & Savings Bank of Los Angeles, has been elected president of the Los Angeles Advertising Club.

The Quarter Century Club of the Central National Bank of Cleveland has presented to the bank a portrait of CORLISS E. SULLIVAN, chairman of the board at the time of his death in 1939.

JOSEPH IRWIN MILLER has been elected president of the Irwin-Union Trust Company of Columbus, Indiana, succeeding his father, the late HUGH T. MILLER, who died May 26. The new president is the fourth member of his family to head the bank. He has been a director for more than eight years, has served as a vice-president, and is on the board of the Indiana National Bank.



Mr. Prosswimmer



Mr. West

RICHARD H. WEST has been elected executive vice-president of Irving Trust Company, New York City, a new office. He has been with the bank since 1930.

PAUL E. PROSSWIMMER has joined the staff of the Franklin Square National

Bank of Franklin Square, New York, as executive vice-president. He was formerly with the Jamaica (New York) National Bank.

GEORGE A. KINNEY, who has been American Bankers Association vice-president for Bermuda, retired June 30 as trust officer of The Bank of Bermuda, Ltd., Hamilton after more than 10 years of service. His successor at the bank is JAMES V. MURDOCH.

FAYE ATKINSON, editor of *The Cornstalk*, employee publication of the Corn Exchange National Bank and Trust Company, Philadelphia, received the

The people behind the figures

The figures on the statement tell you how strong Republic is but it is the people behind the figures that make your Dallas correspondent friendly. The extra interest in your problems, the quick action on your wishes, the PERSONAL attention to your financial affairs... these are the things that make the Republic the strong, friendly bank for you.

Statement of Condition June 30, 1947

RESOURCES

Cash and Due from Banks	\$ 82,734,158.69
U. S. Government Securities	52,639,436.80
State, Municipal, and Other Securities	453,701.72
Stock in Federal Reserve Bank	600,000.00
Loans and Discounts	123,567,009.45
Banking House	2,205,128.43
Furniture and Fixtures	295,731.25
Real Estate for Bank Expansion	285,595.10
Customers Liability—Acceptances and Letters of Credit	659,009.67
TOTAL	\$263,439,771.11

LIABILITIES

Capital	\$ 10,000,000.00
Surplus	10,000,000.00
Undivided Profits	2,577,520.21
Reserve for Dividend, Payable July 1, 1947	200,000.00
Reserve for Taxes, Etc.	1,788,387.70
Acceptances and Letters of Credit	709,009.67
DEPOSITS:	
Individual	\$165,232,646.45
Banks	72,207,735.79
U. S. Government	724,471.29
TOTAL	\$263,439,771.11

REPUBLIC

NATIONAL BANK of DALLAS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Ralph G. Barnes Memorial Award of \$250 for outstanding ability as a student of industrial journalism at the Charles Morris Price School of the Poor Richard Club. The award is donated by the Westbrook Publishing Company of Philadelphia.

W. L. GRADEL, auditor of the Northwestern National Bank, St. Louis, has been elected chairman of the St. Louis Conference of Bank Auditors and Comptrollers.

FREDERICK G. MURBACH, vice-president, and Julius O. Sorg, assistant vice-president, The First National Bank

of Chicago, retired on pension June 1.

W. HARWOOD GILMAN, vice-president of the Hopewell branch of State-Planters Bank and Trust Company, Richmond, has retired. His successor is A. H. GRUNDY.

The National City Bank of New York recently celebrated its 135th anniversary. Established in 1812 as the City Bank of New York, it now has 46 branches overseas, 66 branches in Greater New York and hundreds of correspondent affiliations in this country and abroad. Its capital is \$77,500,000, its total resources nearly \$5 billion.

The American delegation to the Eighth International Management Conference, held at Stockholm July 3-8, includes these representatives of the banking business: WILBERT WARD, vice-president, The National City Bank of New York; ARTHUR G. BOARDMAN, JR., assistant vice-president, Irving Trust Company, New York; HANS CHRISTIAN SONNE, president, Amsinck, Sonne and Company, New York; ROBERT J. FLOOD, president, Flood & Company, New York; CARL CONRAD CHRISTIAN JENSEN, president, Gillespie & Company, New York; and Mrs. IRENE V. COLE, administrative assistant, Flood & Company.

COLONEL WILLIAM G. EDENS, long active in banking and American Bankers Association affairs, has been spending some time recently in Cleveland, assisting President Whitney of the Brotherhood of Railroad Trainmen in the preparation of a history of that organization.

GEORGE H. GREENWOOD, associated with The Pacific National Bank of Seattle since its organization in 1928, retired as chairman of the board on July 1. He will continue as a director. Mr. GREENWOOD is a former member of the Administrative Committee, American Bankers Association, and is a member at large of the Executive Council.

THOMAS C. BOUSHALL, president of The Bank of Virginia, Richmond, has been appointed by Governor William M. Tuck to serve on the Advisory Council on the Virginia Economy for a two-year term.

FRANCIS L. PELL, JR., formerly with the Corn Exchange Bank Trust Company, New York, is now a vice-president of The Philadelphia National Bank.

JOHN B. PAYNE has been appointed director of research of the Mercantile-Commerce Bank and Trust Company of St. Louis. He was formerly advisor on management to the Policyholders' Serv-

(CONTINUED ON PAGE 92)

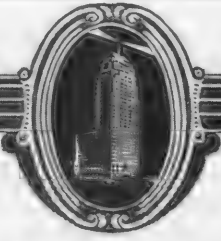

Mr. Payne



Mr. Pell



BANKING

	
STATEMENT OF CONDITION	
At the Close of Business June 30, 1947	
RESOURCES	
Loans and Discounts	\$ 38,401,763.63
U. S. Government Securities	72,322,781.52
State, County and Municipal Securities ..	10,994,739.35
Other Investment Securities	725,385.33
Stock in Federal Reserve Bank	300,000.00
Overdrafts	4,320.89
Customers' Drive-in Facility, Bank Vault	
Furniture and Fixtures	337,996.28
Other Real Estate	4.26
Customers Liability Account —	
Letters of Credit Issued	163,987.50
Cash and Due from Banks	64,605,309.27
	\$187,856,288.03
LIABILITIES	
Capital Stock	
Common	\$5,000,000.00
Surplus	5,000,000.00
Undivided Profits	5,130,209.62
	\$ 15,130,209.62
Reserve for Taxes, Employees' Pension	
Account and Other Expenses	973,022.13
Liability Account — Letters of Credit	
Guaranteed	163,987.50
Deposits	171,589,068.78
	\$187,856,288.03
<i>Member Federal Deposit Insurance Corporation</i>	
OF OKLAHOMA CITY	
	



The First National Bank of Chicago

Statement of Condition June 30, 1947

ASSETS

Cash and Due from Banks,	\$ 465,604,783.45
United States Obligations—Direct and fully Guaranteed,	
Unpledged,	\$680,113,804.24
Pledged—To Secure Public Deposits and	
Deposits Subject to Federal Court Order,	59,622,500.00
To Secure Trust Deposits,	47,915,000.00
Under Trust Act of Illinois,	<u>527,600.00</u>
	788,178,904.24
Other Bonds and Securities,	100,209,986.22
Loans and Discounts,	670,182,365.29
Real Estate (Bank Building),	2,945,780.67
Federal Reserve Bank Stock,	3,750,000.00
Customers' Liability Account of Acceptances,	1,395,725.69
Interest Earned, not Collected,	4,952,157.22
Other Assets,	<u>410,796.55</u>
	\$2,037,630,499.33

LIABILITIES

Capital Stock,	\$60,000,000.00
Surplus,	65,000,000.00
Other Undivided Profits,	3,695,913.47
Discount Collected, but not Earned,	1,025,589.20
Dividends Declared, but Unpaid,	1,200,000.00
Reserve for Taxes, etc.,	6,999,399.71
Liability Account of Acceptances,	1,735,407.96
Time Deposits,	\$ 364,925,148.09
Demand Deposits,	1,427,860,557.90
Deposits of Public Funds,	<u>105,182,238.96</u>
	1,897,967,944.95
Liabilities other than those above stated,	<u>6,244.04</u>
	\$2,037,630,499.33

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

HOTELS of TOMORROW

ALWAYS CHOOSE AFFILIATED NATIONAL HOTELS



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Hotel Thomas Jefferson.....Birmingham

DISTRICT OF COLUMBIA
Hotel Washington.....Washington

INDIANA
Hotel Claypool.....Indianapolis

LOUISIANA
Jung Hotel.....New Orleans
Hotel DeSoto.....New Orleans

MISSISSIPPI
Hotel Lamar.....Meridian

NEBRASKA
Hotel Paxton.....Omaha

NEW MEXICO
Hotel Clovis.....Clovis

OKLAHOMA
Hotel Aldridge.....Wewaka

SOUTH CAROLINA
Hotel Wade Hampton.....Columbia

TEXAS
Hotel Stephen F. Austin.....Austin
Hotel Edson.....Beaumont
Hotel Brownwood.....Brownwood
Hotel Cortez.....El Paso
Hotel Texas.....Fort Worth
Hotel Buccaneer.....Galveston
Hotel Galvez.....Galveston
Hotel Jean Lafitte.....Galveston
Hotel Coronado Courts.....Galveston
Hotel Jack Tar Court Hotel.....Galveston
Hotel Miramar Court.....Galveston
Hotel Cavalier.....Galveston
Hotel Plaza.....Laredo
Hotel Lubbock.....Lubbock
Hotel Falls.....Marlin
Hotel Cactus.....San Angelo
Hotel Menger.....San Antonio
Hotel Angeles Courts.....San Antonio

VIRGINIA
Hotel Mountain Lake.....Mountain Lake

Executive
Offices
Galveston
Texas



HOTELS



ice Bureau of the Metropolitan Life Insurance Company.

RAVENEL H. GIGNILLIAT has resigned as vice-president of The Liberty National Bank and Trust Company of Savannah to become president of Southern Securities Corporation, organized to act as underwriter and principal distributor for Oglethorpe Fund, Inc. Mr. GIGNILLIAT, former student of The Graduate School of Banking and past president of Savannah Chapter, A.I.B., has bought a controlling interest in Southern Securities.

ARTHUR C. KNIGHT, vice-president, has been named head of the estates trust department of Central National Bank, Cleveland.

JOHN D. BAINER, president of the Merchants National Bank and Trust Company of Meadville, Pennsylvania, has been elected a Class C director of the Federal Reserve Bank of Cleveland.

ELWOOD M. BROOKS, president of the Central Bank & Trust Company of Denver, has been reelected to the United States Chamber of Commerce Committee on Federal Finance.

JAMES WHITE, JR., former president of the National Bank of Athens, Georgia, has joined Frederic H. Rahr, Inc., color consultants, as a member of the firm. Mr. WHITE, prominent in southern textile circles, remains as a director of the bank.

The July issues of *Fortune* and *Pic* contain articles on the Bank of America. The title of the *Fortune* article is "World's Biggest Bank" and of the *Pic* article "The Bank that Youth Built."

FRANCIS T. WARD, a partner in Morgan Stanley & Company, New York investment banking firm, is temporarily associated with the International Bank for Reconstruction and Development. He is serving in an advisory capacity to assist the bank in issuing and marketing its first flotation of debentures.

The Union Bank & Trust Company of Los Angeles has a new choral group, the Union Bank Singers, which recently gave its first concert with bank officers and friends as guests. Later the chorus sang for patients at the Veterans Administration Brentwood Hospital in West Los Angeles. R. DENTON HENDRICKSON, commercial teller, is the musical director.

Elections



Mr. Wells



Mr. Frank

ELBERT L. FRANK, RICHARD H. WELLS, vice-presidents, Farmers Deposit National Bank, Pittsburgh.

JOSEPH R. BRENNAN, vice-president, Emigrant Industrial Savings Bank, New York.

JAMES H. CLARKE, vice-president, American National Bank and Trust Company, Chicago.

WILLIAM A. HILES, HAROLD A. MINICH, vice-presidents, Central National Bank of Cleveland.

H. CLINTON TEACLE, vice-president and cashier; H. KNEELAND PHELPS, JR., vice-president and trust officer; ODELL ROGERS, vice-president, First National Bank of Shreveport, Louisiana.

VINCENT E. FUREY, vice-president, Corn Exchange National Bank and Trust Company, Philadelphia.

HAROLD B. ASPLIN, GERALD F. DEWHIRST, WILLIAM H. HOEY, JOHN S. WELLS, vice-presidents, National Bank of Detroit.

ROY F. VAN AMRINGE, vice-president, ROBERT B. HARVEY, cashier, the Federal Reserve Bank of Boston.

WILLIAM A. BORDERS, vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis.

JOHN D. PERRY, vice-president, Citizens National Trust & Savings Bank, Los Angeles.

Mr. Perry

Mr. Borders



BANKING

Banking on Future Farmers

(CONTINUED FROM PAGE 53)

a lot about farm accounts from the Carlins. Moreover, the fact that the boys were looking at farming as a business proposition made a great impression on our directors."

In addition to the 121 acres on the home place, the boys farm an additional 70 acres on the share. They plan to market 18,000 broilers this year, fatten 98 steers (which account for the \$10,000 loan), put up a new barn, and—most important of all—finish paying Dad and Mother for the farm. They also intend to work 12 hours a day for a few more years. Bill was 21 in July.

"As I look back over the picture," Stern says, "I must admit that the early loans were made on faith and because I knew the family background. Some bankers might consider that a poor way of lending. But I doubt if any banker who recognized the sincerity, integrity and industriousness of the whole Carlin family could have resisted the opportunity to give them a start."

This banker's farsightedness has helped make it possible to transform a farm from one that couldn't pay the taxes in 1938 to one that had returned \$100,000 to the community within 10 years.

"We never dreamed of this in 1938, but I guess that was when we 'hitched our bank to a star,'" said Banker Stern in summing up the Carlin boys' achievements.

"By the way, have you acted on my loan application yet? Are you going to?"



August 1947



Industrial CANADA

Though rich in natural resources and one of the world's largest suppliers of raw materials, about half of Canada's total production is industrial.

Special departments of this Bank are equipped to furnish information on suitable plant locations . . . manufacturing and market trends . . . incorporation procedure . . . agency arrangements . . . indeed, on all phases of industrial Canada.

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TIP 'EM. . .

TURN 'EM UPSIDE DOWN



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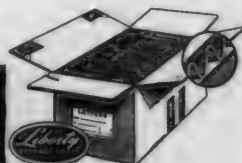
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Mortgage panel at the Kentucky Bankers Association Conference. *Left to right*, William D. Meacham, assistant vice-president, First National Bank, St. Louis, Missouri; William Duffy, director, Bankers GI Loan Center, Indianapolis, Indiana; Howard B. Smith, director, Department of Real Estate Finance, American Bankers Association; William B. Schiltges, first vice-president, Fletcher Trust Company, Indianapolis; and Judge Roscoe R. Dalton, director, FHA, Louisville, Kentucky.

THE NORTHERN TRUST COMPANY

CHICAGO

Statement of Condition, June 30, 1947

RESOURCES

Loans and Discounts.....	\$ 79,603,695.80
U. S. Government Securities.....	274,418,441.86
Other Bonds and Securities.....	105,999,242.11
Federal Reserve Bank Stock.....	450,000.00
Bank Premises.....	1,400,000.00
Customers' Liability, Account Letters of Credit and Acceptances.....	1,225,273.84
Other Resources.....	152,970.00
Cash and Due from Banks.....	143,606,347.96
TOTAL.....	\$606,855,971.57

LIABILITIES

Capital Stock.....	\$ 3,000,000.00
Surplus.....	12,000,000.00
Undivided Profits.....	5,469,791.49
Reserve for Taxes, Interest, etc.....	12,720,802.79
Dividend Payable July 1, 1947.....	135,000.00
Letters of Credit and Acceptances Outstanding..	1,227,273.84
Other Liabilities.....	155,156.44
Deposits:	
Demand.....	\$429,260,449.95
Time.....	140,022,025.07
U. S. Government.....	2,865,471.99
TOTAL.....	\$606,855,971.57

United States Government securities carried in the above statement at \$7,473,593.75 are pledged to secure public and other monies, as required by law; and United States Government and other securities carried at \$517,309.17 are deposited with the State Authorities under the Trust Act.

Member Federal Deposit Insurance Corporation

Survey Mortgage Lending Policy

WE have arrived at a point in the development of the postwar economy where we who are responsible for bank operations should survey carefully our real estate mortgage lending policy, both as to farm and city property," Robert D. Mathias, president of the Indiana Bankers Association and president, Old National Bank, Evansville, Indiana, told the Kentucky Bankers Association conference.

Mr. Mathias spoke on the "Fundamentals of a Modern Bank Personnel Program," but included in his talk a short discussion on mortgage lending.

"No one can tell bank officers who were active in the Thirties that the market for real estate remains constant or that, under certain conditions, it will not cease entirely; therefore, with the sale price of real estate having expanded to such an extent in so short a time, we should pause to look back at the road from which we have come and try to estimate what lies ahead. . . .

"I have these suggestions for lenders on real estate as security:

"(1) Continue a rigid policy of periodic reductions in principal.

"(2) If you feel that the value of the property upon which you are taking a mortgage is inflated, increase the amount of the contractual periodic payments.

"(3) Offer an inducement of lower interest rates to the borrower who will be content with a low percentage of loan to value.

"(4) Do not let the fact that some competitor takes your loan rejections worry you. Remember, *you* will not be called upon to pay your competitor's liabilities."

COLLECTION OF *Coupons and Bonds*

THE Collection Department of Bankers Trust Company receives millions of coupons and bonds for collection every year. Out of long experience we have developed a system which gives assurance to banks and others that collections will be handled promptly and efficiently.

No matter how great our collection volume may be we give particular attention to items which require special handling. Coupons and bonds received for collection are examined to expedite presentation and minimize "returns."

Additional information about this specialized coupon and bond collection service will be sent to you upon request. . . . Your inquiry is invited.

BANKERS TRUST COMPANY

NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



A Recreation Business Index

NEW ENGLAND'S \$750,000,000 recreation industry is to have its own monthly business index, compiled by the Federal Reserve Bank of Boston.

Nearly 10,000 vacation establishments in the section have been asked by the six state development commissions to report data on gross receipts, occupancy, and advance reservation. Three types of businesses will send their figures to the bank: hotels and resorts with capacities of 30 or more persons, in which more than half the annual income is from recreation-seekers; tourist homes and cabin groups receiving more than half their income from the same source; and boys' and girls' camps.

The primary purposes of the index, which will be the first of its kind in the United States, is to tell the individual resort proprietor whether he is getting his share of the region's business, and, if he isn't, to help him find out why.

"The index," says Laurence F. Whittemore, president of the Federal Reserve Bank of Boston, "will show percentage

changes in the recreation business between each month of the current year and the corresponding month of the previous year, as well as percentage changes, month by month, of the current year."

Other uses will be to aid recreation business associations and state agencies in further developing this industry in New England, to aid suppliers in better serving resort operators, and to make possible more forceful presentations for bank loans.

The index figures will be shown, it is planned, for 18 different recreational areas in New England, for each of the six states, and for the entire region.

The bank has assured index reporters that the information they supply will be kept strictly confidential. It will be "denied to any state or federal agency, bank, or any other person or party."

The plan will be put into operation as soon as a sufficient number of proprietors agree to cooperate by reporting regularly. The bank hoped to calculate

the first indexes as of about June 15 for business during May. It was expected the report for June, published about July 15, would be the first thorough job.

The index is the result of nearly a year of intensive study and cooperative effort by the bank, the state development commissions, the New England Council and leading resort proprietors.

In a letter to the prospective contributors of data Mr. Whittemore pointed out that the indexes would "help the recreation industry to gain the recognition it deserves as a major industry in New England."

"Other major industries," he added, "including department and other stores, already use similar indexes in their own businesses."

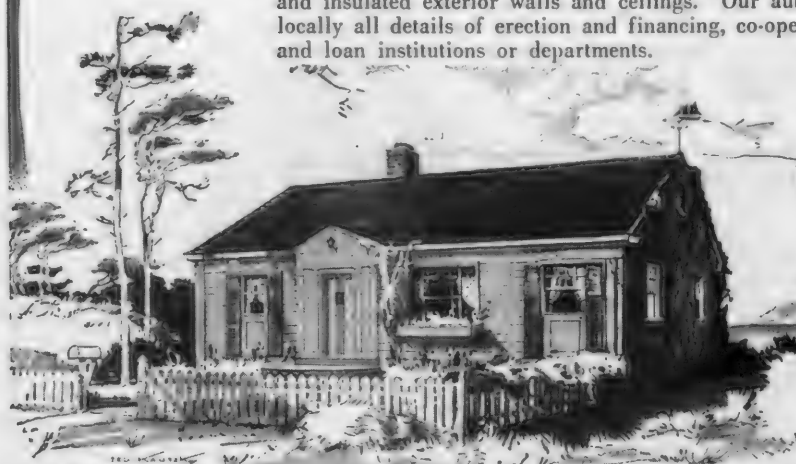
Scientists predicted a recent eclipse of the sun to a split-second. We wish they could forecast our next flat tire that close.

Automobile accidents simply prove no car is fool-proof.

BUILT with a VIEW to VALUE . . .

● Sound value has been preeminent in the objectives of National Homes Corporation, pioneers in multiple production of dwellings. Built with an eye to beauty of design, housekeeping efficiency and better living as well as good construction, NATIONAL HOMES fully conform to Commercial Standard 125-45 of the National Bureau of Standards and are accepted for FHA mortgage loans. National Homes have steel columns, beams, steel bar joists, aluminum windows and insulated exterior walls and ceilings. Our authorized dealers, who handle locally all details of erection and financing, co-operate with established savings and loan institutions or departments.

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Do Your Directors Read
BANKING'S Newsletter?

Home Ownership Is Good Business

The hard financial facts show that home ownership can be good business as well as good living, according to Miles L. Colean, nationally known housing authority and consulting architect. Mr. Colean, consultant to the Twentieth Century Fund and advisor to the magazine, *House Beautiful*, wrote an article on "Home Ownership—An Investment for Living" which has been issued by the Advertising Department of the American Bankers Association as the 19th bulletin in its home planning series. These bulletins are designed to be used by banks for distribution to aid their customers and prospective home owners in planning their homes.

"The American family wants to own its own home," Mr. Colean says. "It likes the idea of ownership. It wants a family center. The value of all this cannot be expressed in dollars. It cannot be measured in terms of investment and return in the ordinary sense. However, the question arises: 'Does the American family pay too much for the achievement of its ideal?' Unfortunately, there are no general or clean-cut answers to this question. It can be answered only in the light of your (the family's) own circumstances and the conditions of your local housing market. For this reason, it is of vital importance for you to obtain the best local advice before you undertake any commitment. Your bank will assist you not only in making your financial arrangements when you buy, but also in finding your own answers to the question before you buy.

"There are many kinds of investments. When you buy a home of your own, however, you are not making an investment primarily for the secure and profitable employment of your excess funds. When you buy a home, you are making an investment for living.

"Many home buyers believe that amortization payments are savings," Mr. Colean points out. "They figure that for every \$500 that they pay to reduce the loan, their equity in the house increases \$500. This is not neces-

A Christian is a person who is as horrified by his own sins as he is by his neighbor's.

Napoleon said, "Nothing is impossible." The same phrase explains why some persons are spoken of as Presidential possibilities.

sarily the case. Amortization payments are the equivalent of savings to the extent that they are larger than depreciation. Whether they do or don't increase your equity in the house can be determined only when you sell the property. . . .

"For the prudent home purchaser, it is well to consider his total outlay for housing, including amortization, as the rough equivalent of rent. He should not enter into commitments requiring more than he can afford to pay in rent, in the belief that some of the payments are 'savings.' . . .

"You cannot afford in your home investment to speculate on changing money values. The important thing for you to keep in mind is that a house is a consumable investment. Selling at less than your purchase price does not necessarily mean that you have suffered a loss. Nor does it necessarily mean that you would have been better off renting."

Know Today's Coin Values "GUIDEBOOK OF U. S. COINS"

By R. S. Yeoman

Authoritatively explains in full, all coin issues from 1616 to 1947. Quotes current prices. Contains 236 pages, fully illustrated. (Size 5 1/2" x 7 1/4" in.) Cloth bound, gold-stamped board cover. Price, \$1.50. Post-paid for cash with order.

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No Other Wrapper So Accurate!

★ They wrap all coins from 1¢ to \$1.00 so accurately — they're manufactured on specially designed machines to give this precision — any chance of error is eliminated. Patented Red Windows not only reveal amount and denomination but give ease of visibility. Unmatched by competition, these Wrappers are the biggest sellers in America.

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HANNIBAL, MISSOURI
World's Largest Mfrs. of Coin Wrappers

"Round Trip" Foreign Loans

(CONTINUED FROM PAGE 27)

It should be noted that the purpose of the bank is to stimulate and encourage but not replace private lending. The transition from one to the other can be made only if the bank is able to convince itself and others that its dollar loans can be repaid in dollars. One suggestion is that the bank encourage commercial underwriting by commitments to take unsold portions. Also it may, as conditions and markets improve, make sales from its own portfolio and so renew its lending power.

After World War I two types of loans were especially effective—the Central Bank stabilization loans and the League loans. The reason for their effectiveness was that each was preceded by a thorough review of the position and program of the borrowing country, and at certain times and places loans were accompanied by expert aid and supervision. In this way the granting of the credit became an assurance to the world that an effective economic program was being put into effect.

Those loans in my mind were the prototypes for World Bank loans. These also must be made with such care and thoroughness of review of a country's economic program that they will constitute an assurance of economic soundness.

In addition there will have to be some stop-gap loans. All the foregoing suggests that the fewer there are of these the better it will be for everyone. Just as the loan from the World Bank will be a hallmark of progress, so the need

for stop-gap loans is a confession of weakness.

Let me add the suggestion that the International Bank provides a medium by which dollar loans may be supported by the accumulated wisdom of many decades of Old World lending; so we may build upon the constructive experience of Great Britain and other creditor countries of Europe whose wise lending over many years helped lay the basis for today's civilization.

MIDDLE AGE: The period when a man believes the thinning of his hair is only a temporary matter.

A philosopher says man must live life dangerously. Well, 28 million automobile drivers are doing their best.

A music school announces it can teach anyone to play any brass instrument in a few lessons. It sounds to us like a national catastrophe.

STATEMENT OF CONDITION MERCANTILE-COMMERCE BANK AND TRUST COMPANY Locust-Eighth-St. Charles ST. LOUIS, MISSOURI JUNE 30, 1947

THE RESOURCES

Cash and Due from Banks.....	\$83,516,709.15
United States Government Obligations, direct and guaranteed (incl. \$14,531,541.18 pledged*).....	149,715,961.85
Other Bonds and Securities.....	17,390,601.74
Demand and Time Loans.....	92,419,148.16
Stock in Federal Reserve Bank in St. Louis.....	600,000.00
Real Estate (Company's Building).....	2,790,536.40
Other Real Estate (Bank of Commerce Building).....	700,000.00
Overdrafts.....	78,245.82
Customers' Liability on Acceptances and Letters of Credit.....	2,657,523.96
Other Resources.....	224,576.47
	\$350,093,303.55

THE LIABILITIES

Capital Stock.....	\$12,500,000.00
Surplus.....	7,500,000.00
Undivided Profits.....	4,743,340.20
Reserve for Dividend Declared.....	250,000.00
Reserve for Interest, Taxes, etc.....	1,904,679.23
Unpaid Dividends.....	3,369.55
Bank's Liability on Acceptances and Letters of Credit.....	2,657,523.96
Other Liabilities.....	258,635.11

Deposits, Secured:

U. S. War Loan \$	1,943,305.95
Other Public Funds.....	5,566,358.82
	\$ 7,509,664.77

Other Deposits:

Demand.....	\$255,008,196.15
Savings.....	56,736,645.72
Time.....	1,021,248.86
	\$312,766,090.73
	\$320,275,755.50
	\$350,093,303.55

* All securities pledged are to the U. S. Government or its Agents, State of Missouri and the City of St. Louis, to secure deposit and fiduciary obligations.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



"I knew it! My palms were itching all morning!"



Methods and Ideas

Flying Discs

WHEN Fred Berry, president of THE NORTH SIDE SAVINGS BANK, New York City, arrived at the bank on the morning of July 8 he saw, in a line of early depositors lined up at the door, a youth idly spinning a half dollar.

Mr. Berry, like everyone else, had been reading about the flying discs. He glanced again at the boy's whirling coin and hurried into the bank with a top flight idea.

Hastily calling a conference of his officers, Mr. Berry suggested an advertisement likening the mysterious discs to errant monetary pieces—coins that slip, not through the air, but through the fingers. Of course they'd be much more useful in a savings account!

The staff liked the idea and the bank's advertising agency was called in. By noon an ad had been smoothed into shape under the heading "Extra! Flying Disc Mystery Solved!"

The next problem was speed. "Get this into the papers as soon as possible," ordered President Berry. Working without proofs, the agency men and bank staff rushed the copy through and it was published, in two-columns, on July 9 and 10. Here's the copy:

"The mystery is solved. But for U. S. Government restrictions, we would have actual photographs of the flying discs. They are the pennies, nickels, dimes, quarters and half dollars that slip through our fingers. We always suspected that they flew away, and now we know it's true. It's all explained by the atomic fission theory: dollar bills, when exposed or carried in pockets too long, split up into their nuclear elements, called coins. The coins shoot off into space with an initial impulse equal to the speed of light. Our consulting physicist tells us the fission can be prevented by placing the money in a controlled stockpile called a mutual savings account. Here it retains its atomic energy and is unable to dissipate into space. Not only does it keep its original energy, but it ac-

tually increases in volume by means of a process called interest dividends. People interested in building up a mutual savings account are invited to fill out the coupon below and mail. It is not necessary that you visit the bank at any time. You can make deposits or withdrawals and have interest marked by mail."

Below the copy was a coupon requesting the bank to send the necessary forms for opening an account.

Did it work?

Following the ad's second appearance, the bank announced that more than 100 persons had used the coupon.

Bank "Information Please"

Students at Harding Junior High School, Philadelphia, drew up a set of questions about banking and then invited a couple of bankers to answer them. The prize for a query that stumped the experts was free ice cream at lunch until the end of the term.

R. David Connor and George J. Watts, Jr., assistant cashiers of the CORN EXCHANGE NATIONAL BANK & TRUST COMPANY, visited a school assembly and did the answering. The queries included: "When I die, if I leave no

will and no heirs, what happens to my money?" (that one was an ice cream winner); "What is a certified check—a cashier's check?"; "How do you bank by mail?"; "If money is stolen from a bank, how is the bank repaid?"; "Is a bank a good place to work?"

Twice a year the elementary business class at the school visits the Corn Exchange and is taken on a tour of the operating departments. The Philadelphia *Evening Bulletin* wrote a story about the most recent visit.

Parking Poll

THE FIRST NATIONAL BANK OF MEADVILLE, Pennsylvania, conducted an eight-day lobby poll on the parking situation in that town. The bank realized that the traffic and parking problem in Meadville was affecting retail business and inconveniencing shoppers and business people. It was particularly interested because of the tendency toward building outlying business centers which, unless properly planned, could ultimately affect downtown retail business centers.

When results of the poll were published, the parking committee of the (CONTINUED ON PAGE 102)

Philadelphia junior highers asked the questions, two bankers answered



If you did the sewing...

You'd be sure to get the world's No. 1 sewing machine.

But then—to ease the work of the person who does the sewing in your home—you undoubtedly have provided her with the best!



If you did the typing...

You'd be sure to get the *World's No. 1 Typewriter.*

Perhaps you've already made sure that your secretarial staff has Royals—the most efficient typewriters ever designed!



Royals click with everyone!

Popularity! A national survey shows that Royal is the favorite typewriter among secretaries and typists. Preferred—2 to 1 over any other typewriter! Your typists will do more work, better work on machines they prefer to use!

Royal efficiency! There are work-saving, time-saving features on a Royal not found on any other typewriter! Meaning—higher production per machine!

Royal durability! These typewriters are *really* sturdy. Royals stand up . . . spend more time on the job, less time out for repairs. With Royal, you get the maximum return for your typewriter investment!



ROYAL—*World's No. 1 Typewriter*

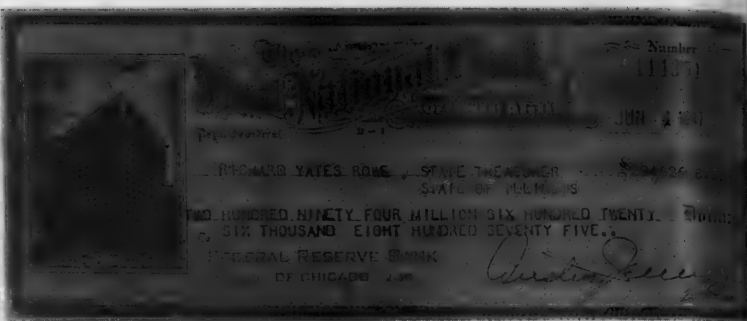
Methods and Ideas

(CONTINUED FROM PAGE 100)

Chamber of Commerce authorized the chamber secretary to discuss with a traffic consultant plans for a centralized parking lot.

Big Check

A check for \$294,626,875, said to be the largest non-federal payment in the country's history, was handed to Richard Rowe, Illinois State Treasurer, by Austin Jenner, vice-president of the FIRST NATIONAL BANK OF CHICAGO.



The check represented the balance due the state from the syndicate of 256

banks, headed by the FIRST NATIONAL which purchased the Illinois service men's bonus bonds last April.

More than a Familiar Landmark

Out-of-town bankers know American Security not only as a familiar Capital landmark but also as a symbol of action in Washington.

We can be of unusual value in government channels or correspondent matters . . . or both.

Write, wire, telephone, or better still, drop in.



Daniel W. Bell, President

American Security & TRUST COMPANY
WASHINGTON, D. C.

Member Federal Deposit Insurance Corporation
Federal Reserve System

Community Relations

The NATIONAL BANK OF AUBURN, New York, is making available to civic groups and non-profit organizations in Auburn and Cayuga County the greater part of its allotted commercial time in its sponsorship of the radio program, "Kate Smith Speaks," over the Mutual Network.

The bank invited fraternal and patriotic societies, veterans' organizations, churches, labor unions, welfare and public service associations, schools, libraries and similar groups to bring their messages to the Auburn radio audience during its program.

Tower of Light

New illumination atop the MERCANTILE NATIONAL BANK building tower in Dallas, Texas, affords a prominent nocturnal landmark.

More than 10,000 feet of white and rose neon tubing provide a shaft of light sufficient to serve 400 five-room homes. The vertical illumination extends 115 feet, including the upper four floors of the 30-story building and the 70-foot steel tower which was erected for the display.

At the tip of the new construction is the antenna of the first frequency mod-

RECEIVING can mean RESELLING

Time Payments, presented with Allison's Payment Coupon Books, involve no writing—no hunting or selecting cards—no window bookkeeping. Just stamp the stub "paid," detach the coupon and the job is done.

Customers like this NO WAITING SERVICE. You'll like it, too, because it is conducive to repeat business, which, in turn, is vital to Consumer Credit growth and profits.

Allison
COUPON
COMPANY
INC.

For Complete Information and Samples Write
to Head Offices at Indianapolis 6, Indiana



lation station built in the Dallas-Fort Worth area. At the bottom of the illumination the neon tubes form the letter "M."

True Story

BANK OF MONTREAL recently carried a newspaper advertisement keyed to the theme "Ready Money for Progressive People," which told the story of a Saskatchewan farmer who borrowed \$2,000 for the purchase of a threshing combine, took it to Kansas where he worked for farmers a month, then went back to harvest his own crops. In less than two months he was able to pay back the entire loan, at a total interest cost of \$12.60.

"So pleased was this customer," said the ad, "to possess his own combine free of all debt, and to commence his own harvesting with a happy and easy mind, that he wished to pay the Bank of Montreal a bonus to mark his appreciation."

"The bank, of course, declined the bonus, but is gladly accepting the expressions of John Veroba's thanks in the form of his permission to tell his story in this advertisement."

The bank is also advertising its popular services—personal loan, travelers' checks, savings accounts, etc.—in a "Buys and Whys" newspaper column, a weekly advertising and information service for women.

Bank by Mail

A photograph of a U. S. mail box features a bank-by-mail ad used effectively by UNION BANK & TRUST COMPANY of Los Angeles. The copy reminds the reader that the nearest mailbox is his teller's window and that the system is "quicker, easier and economical."

Life Insurance Club

The American Newspaper Publishers Association's Bureau of Advertising voted the Family Life Insurance Club Plan campaign conducted by the LINCOLN SAVINGS BANK of New York City one of the 50 outstanding newspaper promotions of the year.

Launched by the bank in November 1945, this campaign increased LINCOLN's sale of savings bank life insurance from 643 to 3,433 policies, a 394 percent gain. Dollar volume rose from \$845,000 to \$2,870,000. In addition, 3,000 savings accounts were opened.

"The sale of savings bank life insurance," says the LINCOLN, "has always been a problem to issuing banks, which have been limited by law to over-the-counter selling. Insurance, by all previous experience, was sold, rarely

bought. Savings bank life insurance had to be bought and the entire burden of creating a buyer's market fell squarely on advertising."

The bank saw a parallel in retail advertising and in evolving its club plan adhered to retail copy technique. The club idea substituted a sales appeal for a sentimental appeal.

The bank theorized that volume sales could be attained only upon presentation of the plan as a product, so it offered the Family Club in product terms: desirability, value and price. The insurance and savings features were merchandised thoroughly in newspaper

ads, the first of which produced a flood of applications, with 22 percent sales.

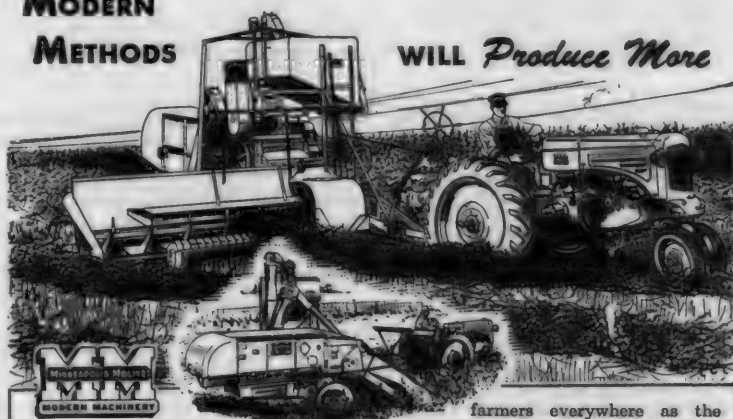
In selecting the campaign as an outstanding promotion, the A.N.P.A. noted that the selection had been made neither on layout nor size appropriation, but on demonstrated performance in solving a marketing problem.

Rose Show

For two days early this Summer the lobby of the SECOND NATIONAL BANK OF PHILADELPHIA was filled with flowers. The occasion was a rose show sponsored by the bank.

MODERN METHODS

WILL Produce More



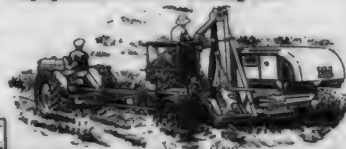
WITH MODERN MACHINES

Our more abundant way of life is largely due to the more economical production of our basic industry—farming—in providing food, fibre, and oils to feed a hungry world and to supply the raw materials for an ever-increasing number of industrial products. Farmers, realizing the increasing importance of economical production, are using Modern Methods to improve and to retain the fertility of the soil and thereby to increase production and farm income.

The MM trademark is recognized by

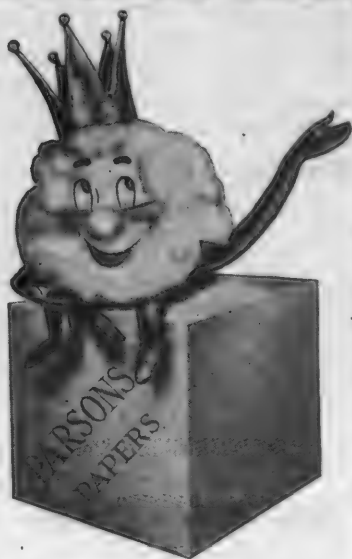
farmers everywhere as the symbol of quality. MM MODERN MACHINES have established a reputation for economy, dependability, and outstanding performance. This is particularly true of MM HARVESTORS.

Your friendly MM dealer has the complete facts on MM Machinery, Tractors, and Power Units for farm use. See him the next time you are in town. MM equipment is worth waiting for!



MINNEAPOLIS-MOLINE POWER IMPLEMENT COMPANY
MINNEAPOLIS, MINNESOTA, U. S. A.

KING COTTON KNOWS HIGH QUALITY PAPERS



Now and then King Cotton visits the best fine paper mills. He likes to come to PARSONS to see how well we treat the new cotton fiber that goes into PARSONS papers. He's happy here because he always finds that our careful processing of modern record papers is worthy of the high quality cotton fiber.

Given the chance, King Cotton will watch over your records and your documents so they'll do best the job you want them to do. To be as useful as paper can be in business, ledger papers and index cards should be made with cotton fiber, as are all PARSONS papers.

The most useful records are on cotton fiber paper, with its brisk, clean, smooth finish and its superior writing and erasing qualities. All records kept on cards or sheets will be safer for longer, and have greater legibility, on cotton fiber paper.

Here are PARSONS record papers and cards

SCOTCH LINEN LEDGER, made in white, buff and blue entirely of the best cotton and linen fibers.

PARSONS LINEN LEDGER, 100% cotton fibers in white and buff.

PARSONS INDEX BRISTOL, 100% cotton fibers in white and five colors.

DEFENDUM LEDGER, 75% cotton fibers in white and three colors.

MERCANTILE RECORD, 75% cotton fibers in white, buff and blue.

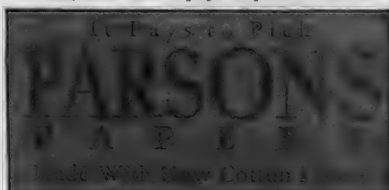
MECHANO FORM LEDGER, 50% cotton fibers in white and six colors.

MECHANO FORM INDEX, 50% cotton fibers in white and six colors.

DURABLE LEDGER, 50% cotton fibers in white and buff.

CREST LEDGER, 25% cotton fibers in white and six colors.

So if you want to avoid the problems of dog-eared, illegible records, remember King Cotton, and that it pays to pick Parsons.



Parsons Paper Company, Holyoke, Massachusetts

© PPC, 1947



Here's the prize-winning float entered in the Florida Watermelon Festival by The First National Bank of Leesburg. On the throne is Miss Gerry Lee, one of the bank's tellers, who, as Watermelon Queen of 1946, was hostess to contestants for the 1947 crown won by Miss Jeanne Crowe of St. Petersburg. The First National's cashier, George H. Rast, was chairman of arrangements for the Festival; Vice-president Carlisle Rogers served on the finance committee; and Sandy Pike of the bank's loan department was master of ceremonies for the Queen contest

Large crowds visited the bank to see the displays arranged by more than 200 exhibitors competing for the 35 prizes awarded by the SECOND NATIONAL and the American Rose Society. Gift certificates were offered by four prominent commercial horticulturists.

The bank's purpose was to get people into the lobby—and it succeeded in a big way. At times the overflow line of spectators extended into the street.

Promotion included advertising in local newspapers, solicitation of exhibitors, invitations to attend the show

and news stories in the Philadelphia press. Radio programs also helped spread the announcement. In addition, 50 colored posters were placed in store windows in the vicinity of the bank.

Bonds Aweigh!

Los Angeles got Navy aid in launching its Bond-a-Month Plan campaign. More than 100 civic, business and labor leaders gathered aboard the U. S. cruiser Los Angeles for a program that included several broadcast speeches and a buffet luncheon. Vice Admiral Walter

Treasury officials and Los Angeles citizens line up for the buffet luncheon aboard the U. S. S. Los Angeles



S. DeLany and Captain Clarence E. Vogeli were hosts.

The speakers included Vice-president George R. Martin of the Security-First National Bank. Mr. Martin is regional chairman of the A.B.A. Treasury Savings Bonds Committee. Fred H. Johnson, director of the Treasury's Savings Bonds Division, was master of ceremonies.

Safe Deposit Personnel

At a recent group meeting of the New York State Safe Deposit Association, President John A. Elbe stressed the value of an informed management and personnel in safe deposit operations.

To reduce risk to a minimum, he said, the directors and trustees of banks and safe deposit companies should be sure that the officer in charge of the vault or department is well qualified and thoroughly familiar with the laws and practices pertaining to the business. He should be charged with the responsibility to see:

"(1) That the employees are efficient persons capable of exercising mature judgment, educated in safe deposit procedure, well trained in safe deposit practice, and who realize the responsibility of their positions.

"(2) That proper procedures are set up and sound practices employed.

"(3) That good judgment is used and reasonable care exercised.

"(4) That employees know under what circumstances and at what times to refuse to grant access.

"(5) That they are instructed to confer with officers and/or counsel whenever circumstances warrant.

"(6) That all opportunities for education in safe deposit are made available to them."

Quite a Gadget

A cement mixer, painted bright blue, is doing duty at breaking up coin rolls in the Security-First National Bank of Los Angeles.

Bill Ream, chief teller at one of the bank's offices, hit upon the idea as a means of saving time and labor in making coins ready for shipment in sacks to the Federal Reserve Bank. Bill got a machinist to place some special gadgets on an ordinary cement mixer. Then he invited the bank's top executives to a demonstration.

Everybody agreed that the mixer was a success. It broke up 100 rolls of cents in four minutes, a job that required 15 to 20 minutes of tedious hand labor. A blower tossed the wrappers out of the hopper into a large box, and then the demonstrator showed how the coins could be poured into the sacks for the

Inventor Bill Ream, second from right, demonstrates the cement mixer he has converted into a coin unwrapper. Others in the picture, left to right, are Vice-presidents W. R. Arnett, John C. Carey and Charles H. Toll, and Assistant Cashier H. M. Swanson



Federal just as concrete is dumped into a wheelbarrow.

It was quite a show, and the bank executives said "Go ahead." So now the



Excellent TRANSPORTATION once... what chance would this old auto have on the roads today?

And... what chance do the slow, bulky, hard-to-operate perforators have competing with the streamlined Cummins 300? In this new portable electric perforator, you get the speed

... the power ... the capacity of a heavy machine. You can move it to the work, because it is no bigger than a desk adding machine. You get all of these advantages at a very low price because the Cummins 300 is **mass produced** ... the **only** mass produced electric perforator.

LOWER COST—Savings in labor alone pay for the installation.

SATISFIES EMPLOYEES—Cummins 300 is so easy to operate it practically eliminates physical effort ... can be placed at the work instead of against the wall ... operated from a sitting position.

SPEEDS HANDLING—Jobs are done **on time** because of greater capacity and twice-as-fast operating cycle ... 20,000 checks per hour ... 5,000 in 15 minutes ... 1,000 in three minutes ... easily.

OFFERS GREATER VALUE—Mass production brings previously costly features at a low price ... more power, greater capacity, heavier construction than any other portable perforator in the same price class.

For Safety's Sake... PERFORATE



Originators of Perforators. Manufacturers of Business Machines for Efficiency and Protection

MAIL THIS COUPON TODAY

CUMMINS BUSINESS MACHINES CORPORATION
Formerly Cummins Perforator
4752 Ravenswood Avenue
Chicago 40, Illinois

Please send me complete information on Cummins 300

Name _____ Title _____
Company _____
Address _____
City _____ Zone _____ State _____



Model 300 has the **GREATEST PERFORMING POWER** available in a portable perforator.

gaily decorated mixer is part of the Security-First's equipment.

99 Years

The EAST RIVER SAVINGS BANK of New York City decided that its 99 years deserved attention from depositors and the general public, so it launched an advertising program featuring its long service. Posters, car and bus cards, lobby signs, window displays, pocket calendars and other media were used.

One of the copy lines was: "99 years

ago we served a small community a few hours each week. Today, with five convenient offices plus banking-by-mail, we serve the metropolitan area." On the display color ads appeared a couple wearing costumes of 1848. "Costumes and customs may change; thrift improves with age," said the copy.

News About Banks

The story of the NASSAU COUNTY (New York) CLEARING HOUSE ASSOCIATION is told in "Fifteen Years of Constructive Banking," written by

William H. Kniffen, president of the Bank of Rockville Centre Trust Company, and published in mimeograph form.

The UNION DIME SAVINGS BANK OF NEW YORK has transcribed into Braille its popular map of the city's subways. The special edition is bound as a loose-leaf book.

SOUTHWEST NATIONAL BANK of El Paso opened for business June 12, with \$400,000 capital, \$150,000 surplus and \$50,000 undivided profits. The architecture of the new air conditioned building is Spanish.

Contrast

A banking office of earlier times, set up in the lobby of THE PLAINFIELD (New Jersey) TRUST COMPANY, was a feature of the bank's recent celebration of its 45th birthday.

On one side of the lobby the bank placed an old high bookkeeping desk, large hand-posted ledgers, hand check-cutter, stamp racks, and a realistic clutter of papers and paraphernalia. A brown derby and a mohair office coat hung on a hat rack.

Opposite, an attractive bookkeeper posted on a machine, a noiseless typewriter was in use, and other mechanical equipment at work offered a sharp contrast between yesterday's more or less leisurely methods and today's streamlined banking mechanics. Customers stopped, watched and were much interested.



MONTHLY REVIEW...

Our Monthly Review will give you an authoritative report on various aspects of business and financial conditions in Canada. If you would like to receive copies regularly we shall be glad to add your name to our mailing list.

THE BANK OF NOVA SCOTIA

49 Wall Street, New York

G. F. Hinchcliffe, Agent

Over 265 branches across Canada; and in Newfoundland, Jamaica, Cuba, Puerto Rico, Dominican Republic, London, England.

General Office

Toronto, Canada

Look at the Record

It is a matter of record that Commerce sends more items direct for collection than any other bank in the United States.

This unexcelled service speeds up the handling of your transit items by average saving of one day or more.

This unmatched, time-saving efficiency is ready to serve you . . . at The Transit Cross-roads of the Nation.

Commerce Trust Company

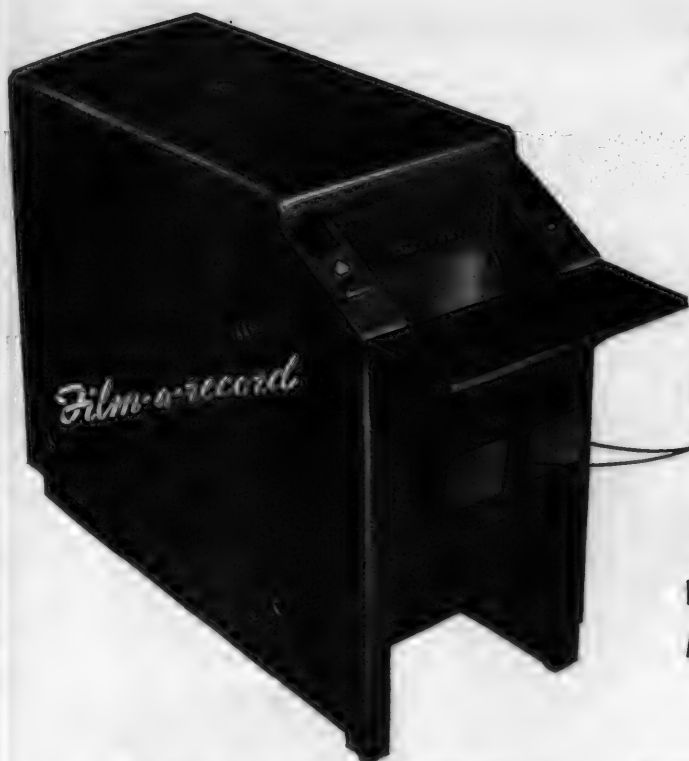
KANSAS CITY, MISSOURI

Established 1865

Member Federal Deposit Insurance Corporation



"The success of the whole project," says the bank, "was due to our auditor who, dressed in wing collar, bow tie and eyeshade, appeared to be posting the big ledgers. One customer inquired whether that old timer went around to banks in similar exhibits, which pleased all but the auditor."



Stop Paying RENT!

Now you can **OWN** your
Microfilming Equipment

You do not have to pay rent indefinitely to microfilm checks and other transit items. Now you can own your microfilming equipment. Film-a-record is *one* microfilming machine which you can buy as well as lease. You can buy a Film-a-record and a Reader—and get prompt delivery on both.

With Film-a-record you get more than record protection and 99% saving in space. For instance:

- At the usual reduction your records show up sharp and clear on the Reader screen. But if you have records to which you refer frequently, you can easily microfilm them so the images appear 26% larger than the originals. Simply substitute a Film-a-record camera taking larger pictures—you don't have to replace the whole machine.

- The Film-a-record Color-Stat enables you to get uniformly clear and readable micro-images regardless of the color of checks or other records.

- If you microfilm records sideways to save film you can bring the images into position on the screen simply by the twist of a knob.

CONTRACT SERVICE

For efficient retirement of your inactive records we offer you records filed on film with Micro-Matic Controls. Under this new system our contract service furnishes the machines and the experienced personnel to prepare and microfilm your records. We duplicate your present filing system on film—provide you with accurate indexing, complete coverage, and rigid film inspection.

You know the advantages of owning your equipment instead of paying rent indefinitely. You can learn the advantages of owning your own Film-a-record by sending us this coupon. Act today!

Remington Rand

FILM-A-RECORD • ROOM 1649 • 315 FOURTH AVENUE, NEW YORK 10

Gentlemen: Please send me, without obligation, complete details about Film-a-record and the advantages of owning my own.

NAME _____
BANK _____
ADDRESS _____

He Makes "Chicken Paper" a Favored Bank Loan

MEET

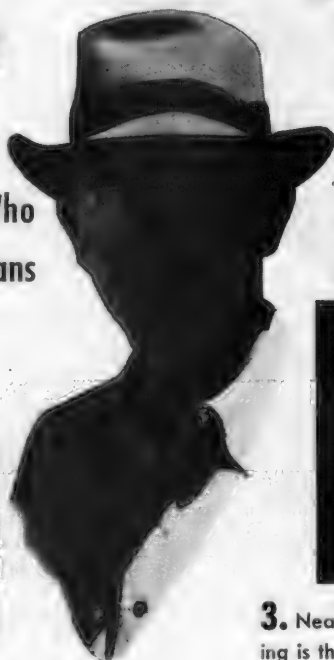
Hugh H. Webb

PEA RIDGE, ARK.

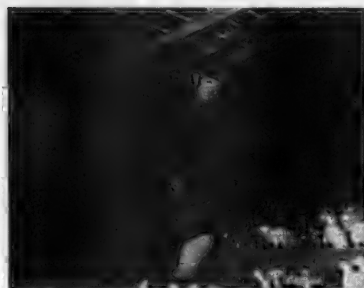
Outstanding Purina Dealer Who
"Manages" a Bank's Poultry Loans



1. "Many bankers are afraid of Chicken Paper," says W. T. Patterson, President of the Bank of Pea Ridge. "But by working with our Purina Dealer, Mr. Webb, we have made loans on poultry the best we handle!"



2. With Dealer Webb virtually "manager" of the poultry loans Banker Patterson is assured that funds are used for profitable poultry operations. A note and chattel mortgage are given the dealer by each producer and, under Arkansas law, only overdue payments are charged against Dealer Webb's loan limit. In states where loan limit laws differ, the plan is adaptable by cooperation among several banks.



3. Nearly \$100,000 a year in poultry financing is the record of the Bank of Pea Ridge and Webb's Feed and Seed Store. This financing helps about 100 poultry raisers a year—like Mal Rodgers, above... has helped produce 1/2 million broilers... has brought much extra income into the community.

COMMUNITY BUILDERS



THE PURINA DEALER IS A GOOD MAN FOR THE RURAL BANKER TO KNOW

Many other Purina Dealers are prospering because they are filling the needs of their agricultural communities... and they are good men for Rural Bankers to know. The Purina Dealer and his organization contact farmers day in and day out... know their plans, problems, needs. While visiting with farmers, many say a good word for their local banks. Does your local Purina Dealer know the services that your bank offers farmers, so that he can recommend them? Maybe he's trying to do this now, when he thinks of it... but why not give him your story and ask for active and planned cooperation? Working together... Banker and Dealer... you can build your agricultural community.

RALSTON PURINA COMPANY
HEADQUARTERS, ST. LOUIS 2, MO.

21 Banks Cited for Excellence of Reports

THE 1946 reports of 21 banks—13 nationals and eight trust companies—were cited for excellence in the 7th annual report survey conducted by *Financial World*, national weekly magazine. The banks are:

National Banks

Bank of America, San Francisco
Central National, Cleveland
Chase National Bank, New York
Commercial National Bank, Peoria, Illinois
Corn Exchange National Bank, Philadelphia
First National Bank, Palm Beach
First National Bank, Tulsa, Oklahoma
Franklin Square (New York) National Bank, Long Island
Merchandise National Bank, Chicago
Northwest Bancorporation, Minneapolis
Old National Bank, Evansville, Indiana
Peoples First National Bank, Pittsburgh
Rapid City National Bank, Rapid City, South Dakota.

Trust Companies

Fifth-Third Union, Cincinnati
First Security Corporation, Ogden, Utah
Girard Trust Company, Philadelphia
Irving Trust Company, New York
Lincoln Rochester Trust, Rochester, New York
Savings Banks Trust Company, New York
Union Trust Company, Springfield, Massachusetts
Bank of Warwick, Hilton, Virginia

"Could you tell me where you get these splendid pens? I want to tell the post office!"



In the final judging to be completed by mid-September, one national bank and one trust company will be judged as having the best 1946 annual report in its category and awarded a bronze "Oscar of Industry." Last year Franklin Square National won the "oscar" for the best of the banks, while Savings Banks Trust topped the trust companies.

More than 3,500 annual reports were entered in this year's contest, and 758 have qualified for the final judging in 100 industrial and financial classifications.



"Let's put a little more money in the checking account to allow for shrinkage."

THE FORT WORTH NATIONAL BANK FORT WORTH, TEXAS

STATEMENT OF CONDITION AT CLOSE OF BUSINESS
JUNE 30, 1947

RESOURCES

CASH AND DUE FROM BANKS	\$ 67,750,329.96
UNITED STATES GOVERNMENT SECURITIES	51,576,722.12
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS	5,716,647.25
OTHER BONDS, NOTES, AND DEBENTURES	1,569,578.77
STOCK FEDERAL RESERVE BANK	210,000.00
LOANS AND DISCOUNTS	48,262,785.01
INCOME EARNED—UNCOLLECTED	249,515.82
BANKING HOUSE	\$ 1,237,500.00
FURNITURE AND FIXTURES	1.00
IMPROVEMENT ACCOUNT	145,577.07
OTHER REAL ESTATE	1.00
OTHER RESOURCES	42,426.79
TOTAL	\$176,761,084.79

LIABILITIES

DEPOSITS:	
INDIVIDUAL	\$115,554,387.53
BANK	46,153,107.55
U. S. GOVERNMENT	1,021,373.54
OTHER PUBLIC FUNDS	4,509,454.70
INCOME COLLECTED—UNEARNED	148,240.31
RESERVE—TAXES, INTEREST, AND EXPENSE	537,357.43
RESERVE—AMORTIZATION OF BOND PREMIUMS	564,481.73
OTHER LIABILITIES	22.18
CAPITAL ACCOUNT:	
COMMON STOCK	\$ 3,500,000.00
SURPLUS	3,500,000.00
UNDIVIDED PROFITS	522,659.82
GENERAL RESERVE	750,000.00
TOTAL	\$176,761,084.79

U. S. Government and other securities carried at \$11,469,686.74 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

THE NATIONAL CITY BANK OF NEW YORK

1812 — 135th ANNIVERSARY — 1947

Head Office • 55 WALL STREET • New York



Condensed Statement of Condition as of June 30, 1947

Including Domestic and Foreign Branches But Not Including The Affiliated City Bank Farmers Trust Company

(In Dollars Only—Cents Omitted)

ASSETS

Cash and Due from Banks	\$1,301,215,569
United States Government Obligations (Direct or Fully Guaranteed)	2,154,497,314
Obligations of Other Federal Agencies	25,678,216
State and Municipal Securities	217,046,678
Other Securities	93,843,901
Loans, Discounts, and Bankers' Acceptances	1,181,679,629
Real Estate Loans and Securities	3,096,927
Customers' Liability for Acceptances	13,366,224
Stock in Federal Reserve Bank	6,900,000
Ownership of International Banking Corporation	7,000,000
Bank Premises	28,898,069
Items in Transit with Branches	7,528,414
Other Assets	3,494,982
Total	\$5,044,245,923

LIABILITIES

Deposits	\$4,720,475,216
(Includes United States War Loan Deposit \$22,664,132)	
Liability on Acceptances and Bills	\$27,065,226
Less: Own Acceptances in Portfolio	11,711,035
	15,354,191
Reserves for:	
Unearned Discount and Other Unearned Income	4,695,686
Interest, Taxes, Other Accrued Expenses, etc.	33,034,529
Dividend	4,650,000
Capital	\$77,500,000
Surplus	152,500,000
Undivided Profits	36,036,301
Total	\$5,044,245,923

Figures of Foreign Branches are included as of June 25, 1947, except those of the Dairen Branch which are prior to the outbreak of the War, but less reserves.

\$266,372,976 of United States Government Obligations and \$2,588,219 of other assets are deposited to secure \$218,225,035 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

DIRECTORS

GORDON S. RENTSCHLER
Chairman of the Board

W. RANDOLPH BURGESS
Vice-Chairman of the Board

WM. GAGE BRADY, JR.
President

SOSTHENES BEHN
President, International Telephone and Telegraph Corporation

CURTIS E. CALDER
Chairman of the Board, Electric Bond and Share Company

GUY CARY
Shearman & Sterling & Wright

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Founder-Chairman, Bank of America National Trust and Savings Association

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Honorary President, General Electric Company

REGINALD B. TAYLOR
Williamsville, New York

ROBERT WINTHROP
Robert Winthrop & Co.

This "Dollar Shortage"

(CONTINUED FROM PAGE 49)

for reconstruction should be taken into consideration, President Truman has ordered three surveys. One will be conducted by a government committee headed by Secretary of the Interior Krug, another by the Council of Economic Advisors, and the third, under the chairmanship of Secretary of Commerce Harriman, by a non-partisan committee representing a variety of research and economic interests. Included in the latter committee are W. Randolph Burgess, past president of the A.B.A., and Chester C. Davis, president of the Federal Reserve Bank of St. Louis. This committee is to advise the President of the facts concerning the character and quantities of United States resources available for foreign aid.

Gold Trading

Through the Secretary of the Treasury there was made public in June a "statement" which the World Fund had sent all members, asking them to discourage external trade in gold at above the official price wherever such sales directly or indirectly produce exchange at depreciated rates. The World Fund had been studying for a year the premium prices paid for gold in various parts of the world. Those prices, which have been availed of in greater or lesser degree by Mexico, Chile and other countries, have served to create discontent among gold-mining interests. Because of pressure of such interests in Canada and South Africa in particular, concern was growing lest the gold market generally should have to be freed of official price control. At present the whole output of South Africa is sold at the official price, equivalent to \$35 an ounce. This constitutes an important source of hard-currency income to Britain, because the gold is marketed there. Were South African gold to find its way instead to China or India, sterling would tend to be weakened.

The World Fund's statement had the active support of the United States, Britain, the Netherlands, Belgium and others who object to seeing certain countries acquire currencies with gold at depreciated rates. Apart from its wartime "loan" of \$200,000,000 of gold to China in a vain attempt to anchor the ballooning Chinese currency unit, and the similar use of American government gold in India and the Middle East, the United States has not been guilty of the practices at which the Fund now aims. There is, however, a relatively small trade in foreign gold in this country at

premium prices, as permitted under the Mint regulations. This arises from the importation of gold-bearing materials and secondary gold such as filings and clippings for refining and re-export. In the sale of this gold in the Far East some American banks have been of assistance through their branches abroad. Although the business is entirely legal, both here and abroad, there is a desire in some circles in Washington to bring it to an end, if possible. This might be accomplished by an amendment of the Mint's regulations; or the Gold Reserve Act itself might be amended. Of that course there is no visible likelihood.

While there are no statistics on the premium-price traffic in gold the world over, one Washington source in conversation with the writer estimated the business at "perhaps \$500,000,000 to \$1,000,000,000 a year." Only a small fraction of this is believed accounted for by transactions involving Americans as middlemen or principals. Under the Gold Reserve Act of 1934 it is legal for residents of the United States to buy, sell or hold gold abroad regardless of price.

Mr. Szymczak Back to FRB

Since his return from a "spell" as



710,000 SAVINGS AND CHECKING ACCOUNTS

CONDENSED STATEMENT OF CONDITION, JUNE 30, 1947

ASSETS	
Cash on Hand and in Banks	\$ 174,846,656.83
United States Government Securities	555,574,313.54
State, Municipal and Other Securities, including stock of the Federal Reserve Bank	32,323,517.94
Loans and Discounts	264,591,923.94
Bank Premises—including investments representing Branch Premises	3,956,699.84
Other Real Estate	1.00
Other Assets	2,658,125.46
Customers' Liability on Acceptances	7,745.62
Total	\$1,033,958,984.17
LIABILITIES	
Capital Stock	\$ 13,800,000.00
Surplus	19,200,000.00
Undivided Profits	4,862,414.28
Reserve for Retirement of Capital Notes	3,500,000.00
Reserve for Contingencies	2,152,720.67
Capital Notes	7,000,000.00
Total Capital Funds	\$ 50,515,134.95
DEPOSITS	
Demand	\$461,960,806.37
Savings	480,400,485.99
United States Government	6,663,481.92
Estates Trust Department	20,904,527.54
Corporate Trust Department	7,018,120.08
976,947,421.90	
Dividend Payable July 1, 1947	552,000.00
Accrued Taxes, Interest, etc.	4,340,476.43
Other Liabilities	1,596,205.27
Acceptances Executed for Customers	7,745.62
Total	\$1,033,958,984.17

Contingent Liability on Loan Commitments—\$13,112,623.57

United States Government Securities carried at \$53,568,397.10 are pledged to secure U. S. Government Deposits and other public funds and for other purposes as required or permitted by law.

Assets are shown Net after deducting Reserves.

We welcome individuals and corporations seeking new or additional banking services.

50 CONVENIENT OFFICES

Northern Ohio:

Painesville • Willoughby • Bedford • Lorain
COMMERCIAL • SAVINGS • TRUSTS

Member: Federal Deposit Insurance Corporation

Federal Reserve System

head of the economics division of military government in Germany to resume his duties on the Federal Reserve Board, Governor Matt S. Szymczak has been kept busy making speeches on our German economic policy. In June Mr. Szymczak received an honorary LL.D. from Fordham University. I also learned that the Belgian Government has decided to award him a high honor, the cross of Commander of the Order of the Crown, for Mr. Szymczak's wartime services to the Belgian Government-in-Exile in London. Discussing the German problem with the writer recently Governor Szymczak observed:

"Germany's neighbors, today more than ever before, are dependent upon commodities produced by Germany. Before the war, all European industries used large quantities of German machinery. Today such machinery is needed not only for repairing the damage done to the industries of Germany's neighbors during the war but also for developing those European countries that need further industrialization. Cutting off the supply of German machines has considerably delayed the rehabilitation of the victims of German aggression and thus the restoration of economic stability in all of Europe. Equally important

for the other European nations are German chemicals and textiles and especially German coal. On the other hand, Germany's neighbors wish to export to Germany certain commodities which are abundant in other parts of Europe and for which there is great need in Germany. They cannot afford to let Germany have their products, however, without receiving German goods in return.

"The key to reconstruction of the German industry is to be found in the increase in the output of coal.

"In order to make possible the necessary allotments to German industry without curtailing the allotments to Germany's neighbors, coal production will have to increase by at least 10 percent above the peak level reached in the first half of 1947. This in turn will be possible only if the German miners receive increased quantities of food and other consumers' goods."

On the other side of the world the U. S. is taking steps to open Japan again to foreign business—and to profit by the experience with postwar Germany. It is now possible for businessmen, including bankers, to visit Japan. Tom Wilson of the Commerce Department, who recently flew to Tokyo with an official mission for a quick preparatory look-see, says it will be a bit rugged for a while yet. "While banking facilities authorized by the occupation authorities are not limited, other businessmen cannot stay longer than three weeks, unless specially authorized, because food and quarters are so restricted. There are only four cities where visiting businessmen can be lodged. In Kyoto I saw them fixing an office building for this purpose. A business trip to Japan isn't cheap, either. I figure it will take \$2,000 to make the three-week trip from New York and return.

"Getting Japan's business on a self-supporting basis will be a slow process, due to raw-material shortages and lack of foreign exchange or even an exchange rate," Mr. Wilson added.

If men talked only about what they understand, the silence would become unbearable.

It's bad when people spread lies about some persons, but it could be worse if they told the truth.

Even when a law has teeth in it there must be real executive ability in government to make it bite.

Our idea of a soft job would be that of publicity man for Peron.

Highlights in Insurance History

BIRTH OF A GREAT ORGANIZATION

While New York was still New Netherland, its first fire company was organized. It was composed of a night patrol of 8 men, its apparatus consisting of 250 leather fire buckets, 12 ladders, and a few hooks and poles brought from Holland. In 1731 a room was fitted up in City Hall, and in it were kept two hand fire-engines, imported from England. Five years later the first engine-house was built on Broad Street, and 10 lbs. a year was paid to Jacobus Tink to keep the apparatus in order. In 1737 a regular Fire Department of 25 men was organized. From this simple beginning sprang New York's present great fire department which for so long has exchanged mutual benefits with the city's fire insurance industry.

The National Union and Birmingham Fire Insurance Companies have been constantly aware of the value of careful attention to small matters—so many of them grow into big affairs later on.

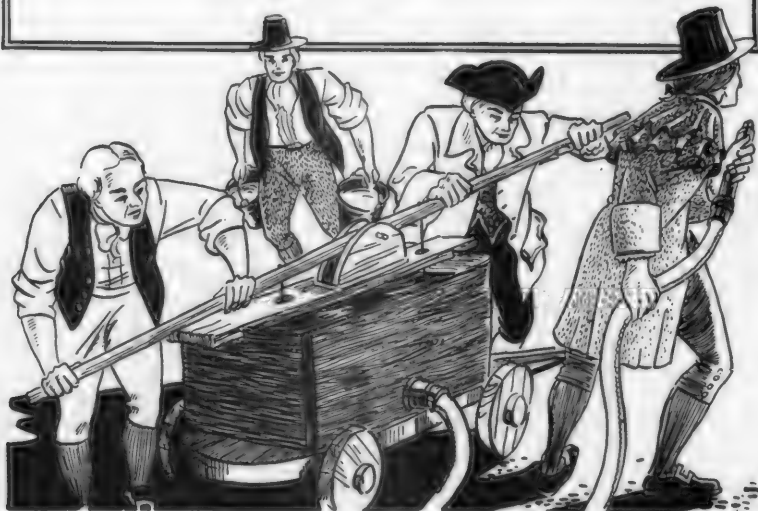
NATIONAL UNION and BIRMINGHAM

FIRE INSURANCE COMPANIES

PITTSBURGH



PENNSYLVANIA



One Bank's Three Decades of School Savings

R. R. McGUIRE

A CUSTOMER left the home loan window of the Rochester Savings Bank and walked over to the desk of Bank Secretary James W. Gray.

"You don't know me, Mr. Gray," he said, smiling, "but I remember you and want to thank you for starting me out with a savings account when you were in charge of the bank's school savings program. Well, I've just completed the financing of an \$8,000 home, and in my opinion the foundation of that home was laid in the nickels and dimes I started saving as a kid in school."

The connection between a school savings program and the routine business of a bank rarely is so obvious as in this instance, but banks all over the country are paying increasing attention to such relationships.

The importance of training young people in habits of thrift is clearly recognized by the Rochester Savings Bank, a mutual savings institution of Roches-

ter, New York. This bank has operated a school savings program since 1915, and now has a total of 21,176 active student savings accounts, with gross deposits of \$2,904,000. Since the program was started, 58,276 passbooks have been issued to youthful depositors in schools of the area.

Postwar operations of this 31-year-old program indicate, furthermore, that it is an expanding business. The volume of deposits in the Rochester system this year, for example, is almost double that of last year, and the increase in new accounts is correspondingly heavy. The records of a typical elementary school delineate the trend noted by the Rochester bank. Last year the pupils of this school averaged about \$68 in weekly deposits; this year deposits are averaging closer to \$150 a week. This flourishing banking service for youthful Rochesterians is conducted in 70 "branches."

Operations inside the schools are

handled by the teachers and principals. Every Monday, designated as "Banking Day," teachers distribute duplicate deposit slip forms. These and other forms required are drawn by the teachers through regular school supply channels from stocks maintained by the bank.

Amounts involved in these weekly transactions are small and the money is handled by responsible individuals as part of the educational process. Hence no attempts have been made to complicate operations with special bonding or special handling. This procedure has functioned with no trouble since its origin in 1915.

From the standpoint of student participation, experience has taught that the program functions most effectively after children reach the third grade, and that interest declines somewhat abruptly after the children attain the eighth

(CONTINUED ON PAGE 115)

Attract customers with this home display

ABA'S REAL ESTATE FINANCE DEPARTMENT

HELPED TO DEVELOP IT—AND IT'S YOURS FREE OF COST

MORE than 200 banks throughout the country have already used the American Home Diorama to promote home planning and saving now. Other banks are signing up—keeping the forty display units constantly circulating from city to city.

Designed in cooperation with the Real Estate Finance Dept. of the American Bankers' Association, the Diorama is available to any bank—free of charge—for a one-month period as a service of The American Home Magazine. The unit is convenient in size (53" x 27" x 15") for display in a window or on a small table in your lobby. And it's shipped to you complete in one piece. Your only expense is to express the Diorama to the next bank after using it.

Write today and let us know when you would like to exhibit the Diorama. If possible, give an alternate month. Address: The American Home Magazine, Bank Educational Dept., 444 Madison Ave., New York 22, N. Y.



12 Illuminated Kodachromes of home interiors and exteriors are featured in this dramatic display. The Diorama also outlines the essential steps in home planning.

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, June 30, 1947

RESOURCES

Cash and Due from Banks.....	\$ 571,561,779.50
United States Government Obligations.....	1,316,616,021.75
Other Bonds and Securities.....	47,591,813.68
Loans and Discounts.....	417,745,166.60
Stock in Federal Reserve Bank.....	3,600,000.00
Customers' Liability on Acceptances.....	651,663.59
Income Accrued but Not Collected.....	6,154,480.58
Banking House.....	10,350,000.00
	<u>\$2,374,270,925.70</u>

LIABILITIES

Deposits.....	\$2,185,408,381.53
Acceptances.....	651,663.59
Reserve for Taxes, Interest, and Expenses.....	10,747,382.79
Reserve for Contingencies.....	18,110,503.23
Income Collected but Not Earned.....	298,930.42
Capital Stock.....	60,000,000.00
Surplus.....	60,000,000.00
Undivided Profits.....	39,054,064.14
	<u>\$2,374,270,925.70</u>

United States Government obligations and other securities carried at \$339,701,900.08 are pledged to secure public and trust deposits and for other purposes as required or permitted by law

Member Federal Deposit Insurance Corporation

grade. Consequently, the Rochester Savings Bank makes its greatest promotional effort with classes between these levels.

The bank comes into the picture when the student has accumulated duplicate deposit slips totaling one dollar or more. At that time, he is directed to go to the bank and receive his passbook. This is one of the "big moments" in the lives of most Rochester third graders.

After receiving his passbook, the student comes to the bank to have future entries recorded when school deposits have accumulated to a dollar or more. This procedure, which requires the youthful depositor to come into the bank at regular intervals, is regarded as highly important.

"There are two reasons why we like to have the youngsters come into the bank and see that their passbooks are kept up to date," explained Mr. Gray. "The teacher is relieved of this responsibility, and a potential adult customer is brought into the bank on banking business. If the program does nothing more than impress these future housewives and business men and women that banks are friendly, service institutions, it is worth the time and effort required."

The bank employs a full-time staff member to foster thrift training and to act as liaison between the bank and the participating schools. Miss Marion Tefft, the current director of school savings, came into the banking business four years ago, after a career as a ballet artist and dance instructor. Her teaching experience and her active interest in children proved an effective background for this assignment, which she received following a year of financial training in the bank's bond department.

Miss Tefft's principal thrift promotion efforts consist of giving classroom talks and editing two newspapers devoted to encouraging thrift in the school and in the home. Such an assignment obviously calls for reserves of imagination, enthusiasm and patience. When Miss Tefft was asked to run up a tally on the number of thrift talks she gave to school audiences last year, she was amazed to discover that the total was 546.

This marathon speech-making effort is supplemented by the two thrift newspapers published by the bank and edited by Miss Tefft. *The Econograph* is an eight-page, illustrated paper, designed to appeal to secondary school pupils. *The Thrift Advocate* is composed with larger type and contains similar

material, edited for elementary school readers. Twenty thousand copies of each newspaper are printed and distributed quarterly during the academic year.

Little formal advertising is used for school savings promotion. Newspaper display space is bought in September when the schools open, and two week-end radio spot announcements are broadcast throughout the school year. Simple jingles, carrying a reminder for pupil and parents that Monday is "Banking Day," have been found effective for the radio spots.

School savings represent both a promotional challenge and a banking operation. The mechanics of bookkeeping and accounting involved in this program

are supervised by Robert R. Wilson, manager of the school savings department. A veteran of 20 years' experience with the Rochester Savings Bank, he oversimplifies his administrative job by describing it as "just a matter of organization."

"In our administration of the program," says Mr. Gray, "we endeavor to get across the idea that thrift means not only saving money, but also the saving of time, clothes, property and other things. We try to impress these boys and girls that thrift is not a matter of how much you save but how often you save. We feel that youngsters who learn these fundamentals and practice thrift during their school days will develop into good customers of any bank."

CONDENSED STATEMENT OF CONDITION

AT CLOSE OF BUSINESS JUNE 30, 1947

DIRECTORS

SAMUEL K. RINDGE
Chairman of the Board

HERBERT D. IVEY
President

MILO W. BEKINS

W. J. BOYLE, JR.

WALTER H. BUTLER

RALPH J. CHANDLER

EUGENE P. CLARK

DWIGHT L. CLARKE

T. B. COSGROVE

A. M. DUNN

ERNEST E. DUQUE

GEORGE W. HALL

ROBERT E. HUNTER

WILLIAM A. INNES

L. O. IVEY

ROBERT W. KENNY

WILLIAM S. ROSECRANS

W. A. SIMPSON

J. HARTLEY TAYLOR

DONALD W. THORNBURGH

E. C. WILSON

RESOURCES

Cash and Due from Banks.....	\$ 72,904,357.23
United States Government Securities.....	215,814,787.59
State, County and Municipal Bonds.....	189,400.83
Other Bonds.....	2,004.00
Loans and Discounts.....	57,887,272.54
Federal Reserve Bank Stock.....	300,000.00
Stock in Commercial Fireproof Building Co. - Head Office Building.....	348,500.00
Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches) ..	1,353,948.30
Other Real Estate Owned, Carried at.....	1.00
Customers' Liability under Letters of Credit and Acceptances.....	2,114,847.24
Earned Interest Receivable.....	855,456.66
Other Resources.....	351,477.99
TOTAL.....	\$352,122,053.38

LIABILITIES

Capital Stock.....	\$5,000,000.00
Surplus.....	5,000,000.00
Undivided Profits.....	3,601,909.30
Reserves for Interest, Taxes, Contingencies, Etc.....	2,281,301.07
Discount Collected - Unearned.....	202,906.13
Letters of Credit and Liability as Acceptor or Endorser on Acceptances and Foreign Bills..	2,130,782.22
Other Liabilities.....	94,312.77
Deposits.....	333,810,841.89
TOTAL.....	\$352,122,053.38

Established 1890

CITIZENS NATIONAL BANK

OF LOS ANGELES

Head Office: Fifth & Spring Streets, Los Angeles

Hill Street Office: 736 So. Hill Street

Subway Terminal Office: 439 So. Hill Street

Conveniently located Branches throughout Los Angeles

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Building Small Business Reserves

(CONTINUED FROM PAGE 36)

sippi who told him with pardonable pride that every business firm with an account in his bank had already built up a reserve in U. S. securities, most of these sizable enough to put them in a position to weather any price recession that seemed likely to occur. There is a banker who is able to teach practical economics to his customers in self-interest terms. Whoever he is, he's a

power for good in his town. He started early to prepare for the inevitable. If every bank in the nation could say as much, and every small business had 20 percent of its profits laid away in reserve, Old Man Depression would be as dead as the dinosaur. Better start late than never.

These cycles of boom and bust are not ordained by the Almighty. People used to think smallpox and yellow fever were inevitable. Preventive medicine,

sanitation and education have conquered these plagues. Recently, when a Mexican visitor died of virulent smallpox he had brought into the country and transmitted to others, millions of Americans in New York City alone voluntarily submitted to vaccination because they knew an epidemic could be stopped that way. It is high time we applied preventive methods to post-war economic plagues, nationally.

The Savings Bonds program of the Treasury, in which banks play a major role, is an important step in our fight against inflationary fever followed by deflationary prostration. I believe the national adoption by banks of the Bond-a-Month Plan, which extends the privilege of automatic bond buying to millions to whom the Payroll Savings Plan is not available, fills the only real gap in that program. If we use it to teach thrift and financial foresight as generally as we have the use of vaccines, serums, mosquito control, sanitation and hygiene we can achieve results just as miraculous.

Banks should advertise depression preventives as insurance companies advertise ways to prevent premature death and disease. I do not hold the theory that depression is brought on by talking and writing about ways to prevent it. People used to feel that venereal disease and even tuberculosis were beyond the pale of public discussion and education, too.

Banking is alert for ways to broaden and strengthen customer relations. We make our institutions attractive and friendly, advertise our specific services. We have found the Savings Bond program a natural builder of good will. The Bond-a-Month Plan will extend our

(CONTINUED ON PAGE 118)



STATEMENT OF CONDITION

At the close of business June 30, 1947

ASSETS

Cash on Hand and Due from Banks	\$108,172,010.74
United States Securities Owned	72,687,891.44
Other Stocks and Bonds	6,472,429.19
Loans and Discounts	114,200,189.11
Banking House and Equipment	2,381,267.57
Other Assets	1.00
	<u>\$303,913,789.05</u>

LIABILITIES

Capital Stock . . . \$	7,500,000.00
Surplus Fund . . .	7,500,000.00
Undivided Profits,	
Net	5,346,217.52
	\$ 20,346,217.52
Reserved for Taxes, Etc.	1,722,991.41
DEPOSITS:	
U. S. Gov't . . . \$	2,823,431.63
Other Deposits	279,021,148.49
	281,844,580.12
	<u>\$303,913,789.05</u>

First National Bank
in Dallas MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

"My bank gets a lot of free advertising—putting their name on everybody's check!"





Ever wish you were Aladdin?

You remember him ...

He was the lucky fellow who found a magic lamp. It gave him everything he wished for—from diamond-crusted palaces to a sultan's daughter as his bride.

You've probably wished a lot of times for a miracle like this to happen to you. Maybe not for out-of-this-world treasures, but for something that will take care of the things that are bound to come up.

Like medical expenses, or college for the kids. Or maybe just for the nice, safe feeling it gives you to have some extra money put aside for the future.

Though no magic is involved, there is a way to give you this security. The Payroll Savings Plan. Or, if you're not eligible for the Payroll Plan but have a checking account, the new Bond-a-Month Plan.

Either way, it's almost unbelievable how quickly your money accumulates.

Where else can you get such a *safe*, generous return on your money (\$4 for every \$3)? It's so simple—so easy, you hardly miss the money that you're saving.

And don't forget—at the same time, you're *making more!*

Next to a magic lamp, there's no better way than this to make sure your future is secure.

Save the easy, automatic way ... with U.S. Savings Bonds

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in co-operation with the Magazine Publishers of America as a public service.



(CONTINUED FROM PAGE 116)

opportunities to make grateful friends of our depositors, and bring in new ones.

We cannot solve all our post-war economic problems by selling more Savings Bonds, but we can help to solve three of the most pressing: (1) spreading the national debt among individuals and non-bank investors; (2) building up further reserves of buying power for consumers and staying power for small business and thus stabilizing our economy, and (3) furthering the protection of free enterprise, including the enterprise of chartered banking, by removing the inflationary threat of the bank-held public debt. And let me remind you of this: the only way we can hope to stop the spread of communistic or socialistic schemes of government and managed

economies is to prove to the world that the American way is still the best way for the most people; and that free enterprise in a democracy does not inevitably lead to periodic unemployment and misery.

These are the reasons that lead me, as chairman of the Small Business Credit Commission of the American Bankers Association, to urge all banks not only to install the Bond-a-Month Plan if they have not already done so, but to advertise, promote and explain its advantages in every possible way to depositors, with particular attention to small business. For the reserve strength of millions of small business enterprises measures the strength of business in the nation generally when reserves are needed, just as the reserve buying power of consumers will bolster business.

Mortgage Lenders' Views

A^N opportunity offered itself recently at the Mortgage Officers Training Course in Urbana, Ill. (see page 28) to interview 55 mortgage lending officers representing communities scattered throughout the country. On two interesting points they were practically unanimous. One was that prices were the chief problem of the moment and the other was that the trend of prices on older construction was downward.

Forty-three of them felt that prices of new homes during the remainder of the year would either stay about the same or would decline. The minority, all of whom happened to be from northern states, forecast a further increase.

All agreed, however, that the days of lending on a rising market were about over and the consensus was that a more careful attitude on the part of the mortgage lender was in order.

Only 11 of them thought that the next six months would see an increase in mortgage loan volume. All of this group hitched their optimism to the belief that construction and material costs would decline and attract more home buyers.

A LARGE majority expected no great change in volume the rest of the year and 15 expected a decline. Running as a persistent theme through all of the comment was concern about costs and the increasing resistance of buyers to prices asked. All agreed, of course, that there was still much unfilled demand for houses in their areas.

There was a surprising variation in the views of this well-informed group as to how great an increase had taken place in home construction costs since before the war.

The largest number, totaling 20, estimated for their communities that prices had risen from 90 to 100 percent. Twelve estimated from 70 to 80 percent. Four said the rise had been under 50 percent and a scattered few said it was anywhere from 110 to 175 percent.

Altogether it can be said that the thinking of this group conformed to one pattern on the subject of prices—namely, they were the principal obstacles to progress in this field.

CONDENSED STATEMENT FIRST NATIONAL BANK IN ST. LOUIS

At the Close of Business, June 30, 1947

RESOURCES

Cash and Due from Banks	\$108,012,823.14
U. S. Government Securities	163,515,806.84
Loans and Discounts	147,414,296.10
Other Bonds and Stocks	8,214,637.85
Stock in Federal Reserve Bank	591,000.00
Banking House, Improvements, Furniture and Fixtures	326,453.30
Other Real Estate Owned	905,002.00
Customers' Liability a/c Letters of Credit, Acceptances, etc.	2,335,988.44
Accrued Interest Receivable	973,871.46
Overdrafts	14,704.63
Other Resources	3,921.48
	<u>\$432,308,505.24</u>

LIABILITIES

Capital Stock	\$ 10,200,000.00
Surplus	9,500,000.00
Undivided Profits	7,373,065.11
Dividend Declared, Payable Aug. 29, 1947 and Nov. 28, 1947	480,000.00
Reserve for Taxes, Interest, etc.	1,595,125.30
Unearned Discount	224,466.76
Liability a/c Letters of Credit, Acceptances, etc.	2,353,588.44
Other Liabilities	5,145.75
Demand Deposits	\$338,795,868.53
Time Deposits	59,802,245.54
U. S. Government Deposits	1,978,999.81
Total Deposits	<u>400,577,113.88</u>
	<u>\$432,308,505.24</u>



Broadway • Locust • Olive

Member Federal Deposit Insurance Corporation

Muck Makes Millions

(CONTINUED FROM PAGE 51)

by the nearby Everglades Experiment Station on control of plant diseases, soil improvement, water control and similar subjects. Since Belle Glade is just getting over the knockout blows administered by the 1928 hurricane and flood, its business houses are not comparable with those of West Palm Beach, for example. Therefore, the Belle Glade bank is helping to promote the construction of fine business buildings and homes in its area.

Not far from Belle Glade is Clewiston, home of the giant U. S. Sugar Corporation. Largely a company town, Clewiston has one bank, the First Bank of Clewiston, with C. V. Parkinson as president. Mr. Parkinson recalls that when the bank was organized in 1922, Clewiston was only a small trading post and terminus of the Atlantic Coast Line Railroad. Shipments of vegetables were brought in largely by boat from various points on Lake Okeechobee. The complete absence of hard-surfaced roads meant that during heavy rains it was impossible to drive a car in and out of Clewiston.

"We went through some very trying times during the depression following the Florida real estate boom and also the two hurricanes which hit this area," recalls President Parkinson. "However, the bank has remained in continuous operation with the exception of the banking holiday declared by President Roosevelt in 1932."

The Clewiston bank has deposits of over two million dollars. Mr. Parkinson



"... but I don't want to sign the check! I want the gift to be anonymous"

August 1947

FOR HIRE— Banking Services

When you need banking service in the Pacific Northwest, you need The National Bank of Commerce.

This bank can be of more help to you, because

- we know business
- we know the Pacific Northwest
- we know Alaska
- and because,

for 58 years, we have proved we know how.

Wrapped in a single package for banks and bankers across the country—and their customers—is sound, everyday service which we sincerely believe is BETTER. "Routine" collections or special problems—both are handled with the same personal diligence that we apply to our own "at home" business.

STATEMENT OF CONDITION as of June 30, 1947

RESOURCES

Cash and Due from Banks	\$ 94,546,588.57	
U. S. Government Securities,		
Direct and Fully Guaranteed	165,448,733.54	
Municipal Bonds and other		
Public Securities	9,720,814.08	\$269,716,136.19
Other Bonds		5,757,858.17
Loans and Discounts		85,221,233.15
Federal Reserve Bank Stock		300,000.00
Banking Houses and Equipment		1,895,907.20
Other Real Estate		18,244.00
Interest Earned, not collected		688,057.67
Other Resources		23,077.26
Customers' Liability under Letters of Credit		
and Acceptances		419,771.52
		<u>\$364,040,285.16</u>

LIABILITIES and CAPITAL

DEPOSITS	\$343,198,116.87
Unearned Income	310,663.86
Liability under Letters of Credit and	
Acceptances	419,771.52
Reserve for Accrued Expenses, Interest and	
Taxes	1,297,164.91
Capital	\$ 3,000,000.00
Surplus	7,000,000.00
Undivided Profits	3,508,892.20
Reserves for Contingencies	5,305,675.80
	<u>18,814,568.00</u>
	<u>\$364,040,285.16</u>

The National Bank of Commerce of Seattle

27 Convenient, Friendly Offices Serving Progressive Communities
in the State of Washington

Member Federal Deposit Insurance Corporation

attributes growth of his bank to the development of the sugar industry by the U. S. Sugar Corporation and independent growers, plus the growing of vegetables. Clewiston is home of the largest sugar factory in the continental United States. Its 80-room Clewiston Inn is one of the finest small hotels in the entire country and comes in startling contrast with the average country hotel.

The U. S. Sugar Corporation has come a long way since the early days when it attempted to grow sugar cane under adverse conditions. Today the Clewiston Sugar-House is the largest

one of its kind in the United States. The corporation grows and processes its sugar from vast acreages near Clewiston. The big plantations employ thousands of workers to grow crops of sugar cane, sweet potatoes, lemongrass, and to feed out beef cattle. A new plant converts sweet potatoes into a high quality starch. When this factory is in full swing, it will convert more than 12,000-acres of Glades-grown sweet potatoes into starch each year. Planting and cultivating are both done with mechanical equipment especially designed.

The Florida Everglades also produces

lemongrass oil used in the making of perfume, soap, paint, varnish and as a protective coating for metal exposed to salt air. Since lemongrass grows very quickly in the rich Everglades soil, it can be harvested three to six times each year. After steam distillation, the "spent grass," still rich in protein content, is mixed with other by-products into a stock feed and fed to the corporation's cattle.

A crop that is attracting the attention of everybody in the Everglades, including bankers, is ramie. This is a fiber-producing plant that promises to have an important effect upon the textile industry once scientists and technicians learn how to grow, harvest and process it. Eight times as strong as cotton or silk, it is the most durable fiber available today. Instead of losing strength when wetted, it actually becomes 30 to 60 percent stronger. It dries rapidly, does not shrink, and absorbs and retains dye as easily as cotton. Furthermore, it can be easily spun, woven or knitted on standard textile machinery.

The drawback with ramie is that it has foiled all attempts to decorticate it by machinery. The machines either injure the fiber or do not completely remove gummy or foreign substances which result in a very brittle material. Once scientists learn how to correct this difficulty, it will be grown on large acreages all over the country.

The Everglades has made an astonishing record the past 25 years. Its friends and boosters are confident this is only the start of even greater periods of prosperity and growth in the years that lie ahead for it.

**CHECK
THESE
BANKING
BENEFITS...**

... in Cleveland and the Great Lakes Industrial Region

Central National Bank of Cleveland places at your disposal complete and dependable banking facilities to develop your interests in Cleveland and the fertile markets of the surrounding area.

- ✓ Our on-the-ground contacts provide a wealth of information about the diversified commerce and industry of this region.
- ✓ World-wide correspondent banking connections mean prompt, accurate and helpful handling of your foreign trade problems.
- ✓ Service you'll like . . . including co-operation in the extension of industrial loans, in providing market data, credit information, collections and other banking services.

We welcome your invitation to discuss the best methods of furthering your interests in this important crossroads of commerce.

CENTRAL NATIONAL BANK
of Cleveland

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



"The Government has been operating at a loss but you consider its notes a good risk!"

BANKING



THE NEW YORK TRUST COMPANY

100 BROADWAY

MADISON AVENUE AND 40TH STREET • TEN ROCKEFELLER PLAZA

CONDENSED STATEMENT OF CONDITION JUNE 30, 1947

ASSETS

Cash and Due from Banks.....	\$170,918,700.88
United States Government Obligations.....	261,367,214.37
Other Bonds and Securities.....	22,393,758.63
Loans and Discounts.....	240,574,766.62
Real Estate Bonds and Mortgages.....	76,487.15
Customers' Liability for Acceptances.....	2,225,308.57
Interest Receivable and Other Assets.....	2,088,234.04
	<u>\$699,644,470.26</u>

LIABILITIES

Capital.....	\$15,000,000.00	
Surplus.....	35,000,000.00	
Undivided Profits.....	<u>13,574,634.82</u>	\$63,574,634.82
General Reserve.....		3,694,884.90
Dividend Payable July 1, 1947.....		600,000.00
Acceptances.....		2,650,162.25
Reserve for Taxes and Other Liabilities.....		4,105,343.49
Deposits.....		625,019,444.80
		<u>\$699,644,470.26</u>

United States Government obligations carried at \$12,694,546.83 in the above statement are pledged to secure United States Government deposits of \$5,791,111.12 and other public and trust deposits and for other purposes required by law.

TRUSTEES

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New York
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Colt's Manufacturing Company
ARTHUR A. BALLANTINE
Root, Ballantine, Harlan,
Bushby & Palmer
JOHN E. BIERWIRTH
President
ALFRED A. COOK
Cook, Lehman,
Goldmark & Loeb
WILLIAM F. CUTLER
Vice President
American Brake Shoe Company
RALPH S. DAMON
President
American Airlines, Inc.

FRANCIS B. DAVIS, Jr.
Chairman of the Board
United States Rubber Company
SAMUEL H. FISHER
Litchfield, Conn.
WILLIAM HALE HARKNESS
New York
HORACE HAVEMEYER, Jr.
Executive Vice President
The National Sugar Refining Co.
B. BREWSTER JENNINGS
President
Socony-Vacuum Oil Co., Inc.
J. SPENCER LOVE
President
Burlington Mills Corporation
ADRIAN M. MASSIE
Vice President

HOWARD W. MAXWELL
New York
HARRY T. PETERS
New York
SETON PORTER
President, National Distiller
Products Corporation
ROBERT C. REAM
President
American Re-Insurance Co.
MORRIS SAYRE
President
Corn Products Refining Co.
CHARLES J. STEWART
Vice President
VANDERBILT WEBB
New York

Member of Federal Deposit Insurance Corporation

Government Check Payment Procedure

THE Act of July 11, 1947, entitled "An Act to establish a procedure for facilitating the payment of certain government checks, and for other purposes" provides that, with certain exceptions, checks drawn on the Treasurer of the United States shall be payable for a period of 10 years following the date of their issuance and may be presented for payment in the usual manner.

The Act further provides that in

cases where an original or substitute check remains unpaid for a full fiscal year following the fiscal year in which issued and the owner or holder of the check has died or is incompetent, or where the check is more than 10 years old, the checks are not payable by the Treasurer. Such checks should not, therefore, be negotiated, but should be sent direct to the General Accounting Office, Washington 25, D. C., for settlement.

Under the Act original or substitute checks drawn by authorized officers of the United States on designated de-

positaries are payable only until the close of the fiscal year next following the fiscal year in which they were issued and after that time should be sent by the owner or holder direct to the General Accounting Office, Washington 25, D. C., for settlement.

The Act does not cover checks drawn by wholly owned or mixed-ownership government corporations on designated depositories.

Checks issued on account of public debt obligations and transactions regarding the administration of banking and currency laws, whether drawn on the Treasurer of the United States or on designated depositories, are excepted from the provisions of the act and will continue to be payable without limitation of time.

Our Roots Are in Georgia

... and in the South. As this section develops, so does the Friendly Fulton, and so do our correspondents.

... If you do not already use our services, we invite you to join our group.

The Fulton NATIONAL BANK
COMPLETE SERVICE AT 5 OFFICES IN METROPOLITAN AREA OF ATLANTA

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Saturday's Checks

BECAUSE in this state the banks are closed on Saturdays, we (hotels) have been called upon by traveling guests to act as their banking convenience," Jerome J. Jacobs, managing director of the Manhattan Towers Hotel, New York City, wrote to the American Bankers Association. "The accommodation requested is cashing of payroll checks, expense checks, personal checks, money orders. . . . This means that over the weekend we have had to increase our 'cash banks' many times over their former size; either that or refuse the guests and create ill will. . . ."

Mr. Jacobs suggested two solutions he thought the banks might adopt in alleviating the hotels' position:

(1) He requested the A.B.A. to circularize its member banks who would in turn contact their depositors and urge their cooperation in seeing that payroll checks, expense checks, etc., reach their employees before Friday of each week, to enable these people to cash their checks while the banks are still open.

(2) Mr. Jacobs did not expect banks to stay open on Saturdays to cash checks; he suggested that a special agent be appointed in each district, possibly a hotel, to cash checks on Saturday as an accommodation.

If the communists ever sweep this country, it will take them 100 years to get rid of the czars of baseball, football and the movies and all the other czars.

A great many foreign statesmen visit the U. S. Treasury to have a rendezvous with debt.

BUILD NEW BUSINESS THROUGH BETTER

Customer Relations

With a monthly publication of your OWN that is—

- NEW
- COMPLETELY INDIVIDUAL
- EXCLUSIVE

Can be used to develop your mortgage loan portfolio, new savings accounts, or other services. Surprisingly low in cost.

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FINANCIAL PUBLICATIONS

DONALD E. KING, PUBLISHER

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COLUMBUS 15, OHIO

ON SUBSCRIPTIONS IN MORE THAN 500 CITIES THROUGHOUT FIFTEEN STATES

NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

Complete Banking and Trust Service

STATEMENT OF CONDITION, JUNE 30, 1947

RESOURCES

Cash on Hand and Due from Other Banks		\$ 293,188,533.56
United States Government Securities		597,683,969.49
Stock of the Federal Reserve Bank		1,455,000.00
Other Securities		51,239,284.57
Loans:		
Loans and Discounts	\$ 169,775,298.87	
Real Estate Mortgages	46,185,518.35	215,960,817.22
Branch Buildings and Leasehold Improvements		1,397,207.11
Accrued Income Receivable		2,826,823.75
Customers' Liability on Acceptances and Letters of Credit		2,629,719.52
		<u>\$1,166,381,355.22</u>

LIABILITIES

Deposits:		
Commercial, Bank and Savings	\$1,045,018,470.42	
United States Government	10,052,688.69	
Other Public Deposits	47,150,008.52	\$1,102,221,167.63
Accrued Expenses and Taxes Payable		1,033,524.82
Income Collected—Unearned		813,843.31
Common Stock Dividend No. 26, Payable August 1, 1947		975,000.00
Acceptances and Letters of Credit		2,629,719.52
Reserves		5,067,452.23
Common Capital Funds:		
Common Stock	\$ 15,000,000.00	
Surplus	33,500,000.00	
Undivided Profits	5,140,647.71	53,640,647.71
		<u>\$1,166,381,355.22</u>

United States Government Securities carried at \$64,623,994.73 in the foregoing statement are pledged to secure public deposits, including deposits of \$22,744,269.26 of the Treasurer-State of Michigan, and for other purposes required by law.

DIRECTORS

HENRY E. BODMAN
ROBERT J. BOWMAN
CHARLES T. FISHER
CHARLES T. FISHER, JR.
JOHN B. FORD, JR.

JAMES S. HOLDEN
JAMES INGLIS
WILLIAM S. KNUDSEN
ALVAN MACAULEY
WALTER S. McLUCAS
W. DEAN ROBINSON

NATE S. SHAPERO
R. PERRY SHORTS
GEORGE A. STAPLES
R. R. WILLIAMS
C. E. WILSON

TRUST DEPARTMENT

This bank acts as Trustee, Executor and Corporate Agent

Member Federal Deposit Insurance Corporation

Serving this Northern California Area



HEAD OFFICE:

SAN FRANCISCO

Statement of Condition

AT THE CLOSE OF BUSINESS JUNE 30, 1947

RESOURCES

Cash on Hand and in Banks	\$184,545,552.25
U. S. Government Obligations	434,519,666.88
Obligations of Other Federal Agencies	4,895,088.51
State, County and Municipal Bonds	28,944,150.54
Other Bonds and Securities	2,414,361.74
Stock in Federal Reserve Bank	840,000.00
Loans and Discounts	280,978,424.24
Bank Premises and Equipment	6,094,688.81
Other Real Estate	1.00
Customers' Liability under Letters of Credit and Acceptances	2,732,058.03
Accrued Interest Receivable and Other Assets	4,075,405.37
TOTAL RESOURCES	\$950,039,397.37

LIABILITIES

Deposits	\$908,360,780.12
Letters of Credit and Acceptances	2,732,058.03
Reserve for Interest, Taxes, Etc.	3,952,396.19
Other Liabilities	3,224,219.26
Capital Funds:	
Capital Stock	
Preferred	\$7,270,100.00
Common	7,583,600.00
	\$14,853,700.00
Surplus	13,146,300.00
Undivided Profits	3,769,943.77
	31,769,943.77
TOTAL LIABILITIES	\$950,039,397.37

U. S. Government and other securities carried at \$75,613,035.19 are pledged to secure U. S. Government War Loan Deposits of \$1,877,708.05 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

Employee Pensions

(CONTINUED FROM PAGE 43)

definitely in the other direction. Of the 81 different plans established prior to 1942, 91 percent required employee contributions. Since 1942, only 46 percent of new plans had such a requirement. In most cases, although there is a spread between 1 and 9 percent, the contributory rate falls between 2 and 3 percent of the first \$3,000 of annual salary, and between 4 and 6 percent on annual earnings in excess of that amount.

In most cases pension benefits—the actual amount of the pension—is determined by two formulas: a “past service formula” and a “future service formula.” In brief, the first gives recognition to service rendered prior to the date of the plan’s adoption, while the latter gives recognition to service after the plan is adopted.

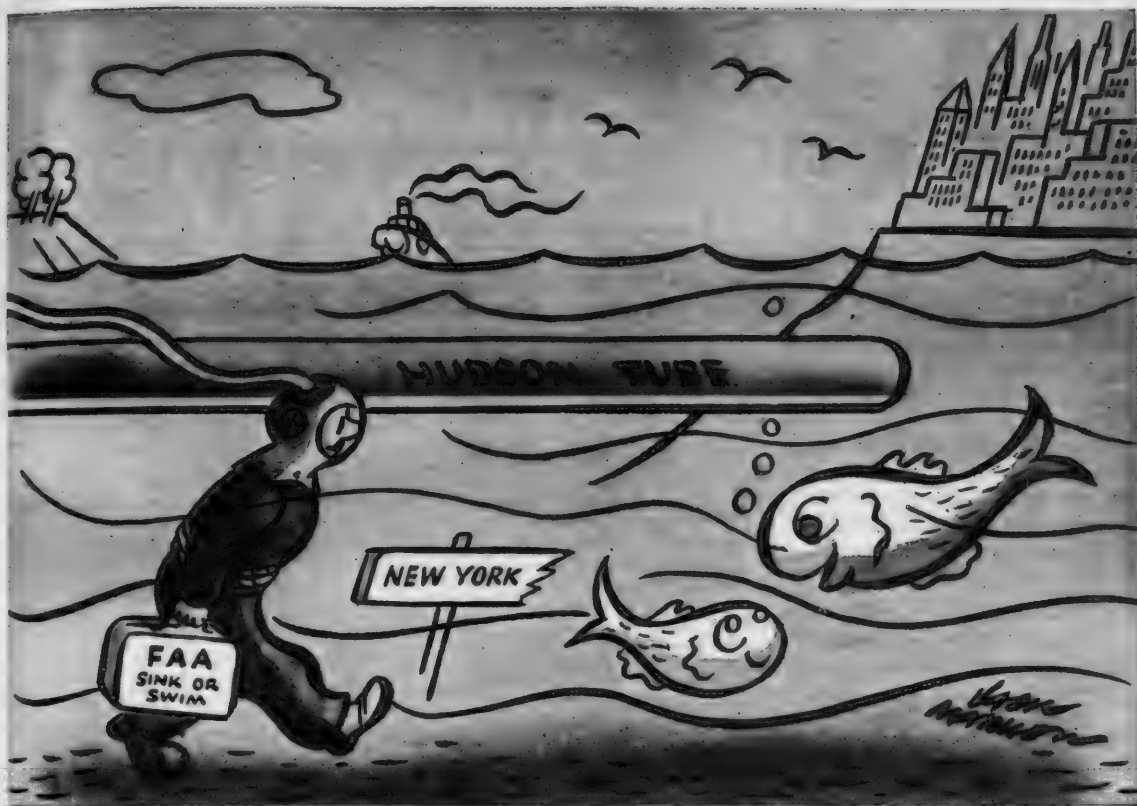
It is important to remember that from the bank’s standpoint, the past service formula is important only in the transitional period, since it is designed principally to supplement future service benefits of older employees in order to provide them with adequate pensions.

In studying amounts of the pensions paid, we found that 39 percent of the banks do not set a maximum pension, nor do they place any limit on the amount of compensation which will be used in computing pensions. On the other hand some plans place both a dollar as well as a salary limit. It can be said, however, that as a general rule most plans have either one restriction or the other.

Now we reach the all important question, “How much does a pension cost?” We took some pains to work out a “yardstick” which could be used by other than pension experts to approximate costs of a pension plan for various size employee groups. In fairness you must appreciate that there is actually no single method for determining pension costs. If, for instance, the group annuity is used—you will follow one method, whereas, if individual policies are used another method will be employed. However, a pension trust can follow either of these methods, or use a number of other methods. Let it be said that all methods are technically correct and are equally acceptable to the Treasury’s Bureau of Internal Revenue for the purpose of determining tax deductions.

For the purposes of illustration, and in an attempt to choose a generally

(CONTINUED ON PAGE 126)



*"You won't believe this . . .
but yesterday I saw a man rowing to the Convention."*

Maybe that is a fish story but with the 32nd Annual Convention promising to be the best ever, you'll want to be one F.A.A.'r who gets to New York, sink or swim.

The program carries a hard-work schedule with about as many lectures, clinics and general sessions as can be comfortably crammed into four enlightening days. Even so, we hazard a guess that Manhattan's entertainment will play host to you and your wife more than once.

• So pick up a few New York stickers for your luggage and a lot of sound ideas for yourself. Send your convention reservations to Preston E. Reed, Executive Vice-President, Financial Advertisers Association, 231 So. LaSalle Street, Chicago 4.

32nd Annual F. A. A. Convention

October 6, 7, 8, 9 • The Waldorf-Astoria, New York •

Trends In Employee Pension Plans

(CONTINUED FROM PAGE 124)

applicable formula, we have chosen a method which will approximate that used in many group annuity and pension trust plans. To experts this is known as the "unit of credit cost method."

The cost is broken down into "past service cost" and "future service cost." The first may be paid immediately or in annual instalments over an 11-, 15-, or 20-year period. The latter, paid each year, is the cost of fully funding the benefits which accrue in the year.

LET US take Bank "A" which wishes to determine the approximate cost of both past and future service benefits for its employees under such a method.

Let us say that the following provisions are agreed upon:

- (1) That employees are eligible after one year's service and at age 30.
- (2) That normal retirement age is 65.
- (3) That the employee will contribute 2 percent of the first \$3,000 of an-

nual earnings and 4 percent above that amount.

- (4) That the past service formula will be 1 percent of the first \$3,000 of current compensation and 1½ percent above that amount multiplied by years of service prior to 1947 and after age 30.
- (5) That the future service benefit will be 1 percent of the first \$3,000 of compensation and 2 percent of the amount above that amount.

Then:

Step 1—Compute amount of past and future service benefit accruing in the first year for each employee currently eligible. Thus, an employee 48 years old who has been employed for 25 years, of which 18 years were after age 30, and who is earning \$3,500, would have the following benefits:

Past service benefit:

1% x \$3,000 x 18 years\$540
1½% x \$500 x 18 years 135
Total\$675



"This institution does not regard your engagement to Mrs. Clipperboard's daughter as collateral for a loan!"

Future service benefit:

1% x \$3,000\$30
2% x \$ 500 10
Total\$40

Step 2—Now find the total past service benefits of all male employees 30 to 35 years old. Strike another total of future service benefits of these same employees. Next take the female employees in the same age groups and similarly find the two totals. Then, follow the same procedure for other male and female age groups and insert your totals in a work sheet similar to the one below.

In column "c" of this work sheet you will find certain factors. These factors should be multiplied as indicated in the captions of columns "d" and "e." The total of column "d," when properly filled in, is the lump sum past service cost. The total of column "e" is the first year gross future service cost to the bank if there were no provision for employee contributions. However, we have set forth certain requirements for employee contributions, so a total should be found for employee contributions expected during the first year, and 70 percent of this dollar amount should be deducted from the gross total of column "e." This will give you the first year net future service cost to Bank A.

A well known business man said his success was due to luck. That certainly makes it hard on the speakers at Commencement exercises.

Some persons think too many young people are going to college. But what are parents going to do with the youngsters during that period when they don't have sense enough to do other things well?

SECRETARY OF THE TREASURY: A man whose job it is to satisfy foreign borrowers without giving them what they want.

Employees Ages	Number of Employees	(a) Past Service Benefits	(b) Future Serv. Benefits Accruing in First Year	(c) Factor	(d) Lump Sum Past Service Cost (a) x (c)	(e) First Year Future Serv. Cost (b) x (c)
30 to 35						
Male	5	\$406	\$151	3.4	\$1,380	\$513
Female	6	321	105	4.3	1,380	452
35 to 40						
Male	2	411	64	3.9	1,603	250
Female	3	319	43	4.9	1,563	211
40 to 45						
Male	5	1,531	151	4.5	6,890	680
Female	2	441	42	5.6	2,470	235
45 to 50						
Male	1	675	40	5.2	3,510	208
Female	2	528	57	6.5	3,432	371
50 to 55						
Male	3	2,112	106	6.2	13,094	657
Female	1	418	23	7.6	3,177	175
55 to 60						
Male	2	2,546	107	7.4	18,840	792
Female	1	587	25	9.0	5,283	225
60 to 65						
Male	1	2,520	90	9.3	23,436	837
Female	1	522	18	10.9	5,690	196
Total lump sum past service cost					\$91,748	
First year future service cost if employees made no contributions						\$5,802
Less: Adjustment for employee contributions, which will amount to \$2,044 per year (70% x \$2,044)						1,431
First year future service cost to Bank A if employees contribute						\$4,371



The advertisement reproduced below appeared recently
in New York City Metropolitan Newspapers.

MONEY...at work for you...

A BANK STATEMENT is a special kind of mirror. In it you can see reflected the business and private life of your community.

You can see people turning to the bank for backing in business opportunities...for help in building homes...for aid when sickness comes. You can see men and women bringing hard-earned dollars to the bank for safe keeping.



Then there are other things you can see, too. How the bank buys bonds and thereby helps finance the operations of the Federal Government, the State, the City! How the bank pays taxes! How the



bank helps make it possible for industry to produce the goods you want and need! How the bank joins hands with other banks all over the world so that people in different towns, different states, and different nations can trade with one another!

In the statement below, you see reflected the story of our bank and our more than 1,000,000 customers. It is a picture of money at work for depositors, borrowers, and the community as a whole. It is the picture of a robust, thriving service institution ready to serve you at all times whether your needs be great or small.



Harvey D. Gibson
PRESIDENT

CONDENSED STATEMENT OF CONDITION

as at close of business June 30, 1947

RESOURCES

Cash and Due from Banks	\$ 536,619,548.88
U. S. Government Securities	1,175,263,724.35
U. S. Government Insured F. H. A. Mortgages	3,370,433.23
State and Municipal Bonds	32,537,853.19
Stock of Federal Reserve Bank	2,475,000.00
Other Securities	22,776,782.02
Loans, Bills Purchased and Bankers' Acceptances	450,415,149.03
Mortgages	13,662,496.80
Banking Houses	10,159,053.04
Other Real Estate Equities	262,100.73
Customers' Liability for Acceptances	5,048,547.08
Accrued Interest and Other Resources	7,320,901.86
	<u>\$2,259,911,590.21</u>

LIABILITIES

Capital	\$41,250,000.00
Surplus	41,250,000.00
Undivided Profits	38,798,074.65
	<u>\$ 121,298,074.65</u>
Reserve for Contingencies	9,837,867.75
Reserves for Taxes, Unearned Discount, Interest, etc.	8,124,818.56
Dividend Payable July 1, 1947	1,237,500.00
Outstanding Acceptances	6,243,971.68
Liability as Endorser on Acceptances and Foreign Bills	166,664.00
Deposits	2,113,002,693.57
	<u>\$2,259,911,590.21</u>

United States Government and other securities carried at \$38,690,694.95 are pledged to secure U. S. Government War Loan Deposits of \$10,635,413.73 and other public funds and trust deposits, and for other purposes as required or permitted by law.

DIRECTORS

- EDWIN M. ALLEN
New York City
- EDWIN J. BEINECKE
Chairman, The Sperry & Hutchinson Co.
- EDGAR S. BLOOM
Chairman, Atlantic, Gulf and West Indies Steamship Lines
- ALVIN G. BRUSH
Chairman, American Home Products Corporation
- LOU R. CRANDALL
President, George A. Fuller Company
- CHARLES A. DANA
President, Dana Corporation
- HORACE C. FLANIGAN
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- JOHN M. FRANKLIN
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President, Gerli & Co., Inc.
- HARVEY D. GIBSON
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- FREDERICK GRETSCH
President, Lincoln Savings Bank
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President, Lambert Company
- OSWALD L. JOHNSTON
Simpson Thacher & Barlett
- KENNETH F. MACLELLAN
President, United Biscuit Company of America
- SAMUEL McROBERTS
Chairman, McRoberts & Tagmeyer, Inc.
- JOHN T. MADDEN
President, Emigrant Industrial Savings Bank
- JOHN P. MAGUIRE
President, John P. Maguire & Co., Inc.
- C. R. PALMER
President, Cluett Peabody & Co., Inc.
- GEORGE J. PATTERSON
President, Scranton & Lehigh Coal Co.
- HAROLD C. RICHARD
New York City
- HAROLD V. SMITH
President, Home Insurance Co.
- ERNEST STAUFFEN
Chairman, Trust Committee
- GUY W. VAUGHAN
President, Curtis-Wright Corporation
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Chairman of the Board
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President, Westinghouse Air Brake Company

Manufacturers Trust Company

Head Office: 55 Broad Street, New York 15, N. Y.

75 COMPLETE BANKING OFFICES IN GREATER NEW YORK

Member Federal Deposit Insurance Corporation



NEVER TOO MANY FACTS ABOUT PROPERTY VALUES

Never can management or its bankers know too much about the plant property—about plant values and related fixed charges.

**The AMERICAN
APPRAISAL
Company**

Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES

PROMPT SERVICE COVERING THE CENTRAL SOUTH

Since 1883
**THE AMERICAN
NATIONAL
BANK**
NASHVILLE

CAPITAL FUNDS OVER 9 MILLION DOLLARS
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

New Books

Business States Its Case

THE AMERICAN INDIVIDUAL ENTERPRISE SYSTEM: ITS NATURE, EVOLUTION AND FUTURE. McGraw-Hill, New York. 2 vols. boxed, 1,119 pages. \$10.

THESE two volumes were prepared by the Economic Principles Commission of the National Association of Manufacturers as a definition and explanation of the free enterprise system. In them the commission, appointed six years ago to undertake this study, analyzes the philosophy, operations and achievements of the system, discusses attacks upon it, and appraises future problems.

The authors of the series of monographs that comprise the contents are members of the commission: Robert R. Wason, chairman; Robert W. Burgess, W. W. Cumberland, Professor John Hanna, Donald J. Hardenbrook, Broderick Haskell, Willford I. King, Professor Harley L. Lutz, Professor Ludwig von Mises, John C. Parker, Murray Shields, Bradford B. Smith, Rufus S. Tucker, Maxwell M. Upson, and Professor Ray B. Westerfield. Participating with this group at various times were George B. Beitzel, S. Bayard Colgate, Reginald G. Coombe, Ralph C. Corder, F. Goodwin Smith, and Donald B. Woodward.

"This book," says Mr. Wason, "is unique in that it confronts the present economic babel and discord with the harmonized viewpoint of topflight economists and businessmen in a unified statement of principles and objectives. It is probably the only economic text ever written that carries the signed support of a wide cross-section of American economic and business thinking at its peak.

"Truth was wrung from constant controversy. Views of academic economists, business economists, and scholars, were expressed out of their academic and business knowledge and experience. Seeming differences of opinion dissolved in discussion. Harmony grew from precise statements of conflicting opinions. This book is not a compromise of opinions. Its conclusions were reached without sacrifice of judgments but by considered debate of each subject studied."

It goes without saying that the field covered is very broad. Volume I opens with a discussion of the nature and philosophy of free enterprise. Volume II closes with a look at American industry and the future. In between are discus-

sions of the evolution and fundamental elements of the system, types of business organization, employment relations (172 pages), agriculture, saving and capital formation, money and credit, profit and loss, prices and their determination, transportation, competition and monopoly, marketing, government regulation, trends in public finance, business fluctuations, achievements under the enterprise system, government spending, proposals for abandonment of the individual enterprise system, and a program for America's future.

The program is presented in some detail. Its broad economic aim is "to maintain optimum employment and full use of capital resources by increasing productive opportunities and productive jobs."

"Unless the American Individual Enterprise System is hamstrung by needless bureaucratic regulation and unbearable governmentally imposed burdens," the book concludes, "it can more than hold its own in the postwar period. . . . With wise economic statesmanship and constructive policies on the part of government, business and other elements of our society—that is, with a return to real liberalism of the character enunciated in the Roosevelt-Churchill Atlantic Charter—there is every reason to have confidence that we shall be able to get the system back on a prosperous footing—back to the point where the public regards it as the creator of individual opportunity and common welfare, not the breeder of distress and insecurity."

U. S. A. — 1950 and 1960

AMERICA'S NEEDS AND RESOURCES.
By J. Frederic Dewhurst and Associates.
Twentieth Century Fund, New York.
787 pages. \$5.

IT HAS been stylish in recent years for government, businessmen, and other interested parties to engage in economic analysis. More and more emphasis is being placed upon forecasts or "guesstimates" of what the business picture will bring in years to come.

This study by Dr. Dewhurst and his associates should be a useful research tool, particularly because it contains approximately 100 pages of statistical appendices and methods of derivation of economic projections.

The study embarks on the ambitious
(CONTINUED ON PAGE 130)

Combined Statement of Condition

FLORIDA NATIONAL GROUP OF BANKS

As at the close of business June 30, 1947

RESOURCES

Loans and Discounts.....	\$ 62,613,312.39
Banking House, Furniture & Fixtures	
Including Office Buildings.....	5,245,994.44
Other Real Estate Owned.....	188,690.31
Prepaid Expenses.....	53,033.35
Other Resources.....	8,605.47
Customers' Liability A/C Letters of Credit.....	17,875.00
Accrued Interest and Income Receivable.....	\$ 1,242,824.96
U. S. Government Securities.....	169,148,805.56
Florida County and Municipal Bonds.....	20,743,813.56
Federal Reserve Bank Stock.....	508,050.00
Other Securities.....	1,591,957.52
Cash on Hand and Due from Banks.....	106,793,224.76
	300,028,676.36
	\$368,156,187.32

LIABILITIES

Capital Stock.....	\$ 7,100,000.00	
Surplus.....	12,335,000.00	
Undivided Profits.....	1,696,517.63	\$ 21,131,517.63
Reserve for Contingencies.....		1,570,912.78
Reserve for Taxes, Interest, etc.....		1,400,051.83
Interest & Income Collected, not Earned.....		266,869.33
Dividends Declared not yet Payable.....		5,687.50
Other Liabilities.....		279.00
Letters of Credit.....		18,575.00
Deposits.....		343,762,294.25
		\$368,156,187.32

FLORIDA NATIONAL BANK
at Jacksonville

FLORIDA NATIONAL BANK
& TRUST COMPANY
at Miami

FLORIDA BANK &
TRUST COMPANY
at Daytona Beach

FLORIDA BANK
at Chipley

MERCHANTS AND
FARMERS BANK
of Madison

FLORIDA NATIONAL BANK
at Pensacola

FLORIDA NATIONAL BANK
at Ocala

FLORIDA NATIONAL BANK
at Belle Glade

FLORIDA BANK
at Port St. Joe



FLORIDA NATIONAL GROUP of BANKS

FLORIDA NATIONAL BANK
at Key West

FLORIDA NATIONAL BANK
at Bartow

FLORIDA NATIONAL BANK
at Coral Gables

FLORIDA BANK
at Fort Pierce

FLORIDA NATIONAL BANK
at St. Petersburg

FLORIDA BANK
at Orlando

FLORIDA BANK &
TRUST COMPANY
at West Palm Beach

FLORIDA BANK
at Gainesville

FLORIDA BANK
at Bushnell

FLORIDA NATIONAL BANK
at Lakeland

(CONTINUED FROM PAGE 128)

program of estimating what the economy of the United States will be like in 1950 and 1960. In projecting trends into the future, various basic assumptions are made. In using the book, therefore, it should be kept in mind that economic relationships are always changing and that estimates must be constantly revised to conform to modifications in trends as they occur.

There are probably few who will quarrel with the optimistic picture which the study draws on the basis of the premises set forth.

Dr. Dewhurst is the Fund's research director and editor. His associates in the preparation of this volume are the members of the organization's research staff.

E. C. Z.

Commercial Law

CREDIT MANUAL OF COMMERCIAL LAWS 1947. National Association of Credit Men, New York. 752 pp. \$7.

HERE is an annual, primarily for the credit executive, which presents legal aspects of commercial transactions "from the time the order is received until the account is collected." It also

summarizes the steps necessary to take should the debtor default or go into bankruptcy; contains a summary of the law of contracts; shows how the uniform law of sales may protect the credit executive's interest or work to his disadvantage; and presents a vast amount of information about federal and state commercial law.

Public Policy and Jobs

ECONOMIC POLICY AND FULL EMPLOYMENT. By Alvin H. Hansen, McGraw-Hill, New York. 335 pp. \$4.

PUBLIC spending is the key to Professor Hansen's full employment policy: when private capital outlays decline, it is up to the Government to step in and stabilize the economy to avoid a depression with a public policy that has been planned far in advance. His wage policy under full employment leads one to believe he favors a planned economy.

Fiscal powers should be centralized in the hands of the President. By so doing in case of a threatened deflation, the President could reduce income tax rates and in case of a threatened inflation he could raise them. Public expenditures in housing, education, and medical and health care are recommended in order to open new fields for private investment. These are issues Professor Hansen raises without suggesting any concrete methods of solving the problems involved.

Investing in Securities

A B C of Investing. By R. C. Effinger. Harper, New York, 102 pages. \$1.50.

THIS little book by a vice-president of Irving Trust Company, New York, concerns itself with the investment of individuals' funds in marketable securities. Mr. Effinger has distilled his 25 years' experience in investments into a philosophy which he amplifies with practical procedures and illustrations.

He stresses the basic importance of an investment program tailor-made for the individual. "There is some truth in the generalization," he observes, "that any fool can buy high-grade bonds but no fool will." Then he goes into the aims of investment: price stability, continuity of income, safety of principal, takes up types of securities which the investor should buy, discusses the establishment and management of the portfolio, and suggests some pitfalls to be avoided.

Part II sets forth in detail the needs of eight different investors and how they can be met, while Part III is

(CONTINUED ON PAGE 132)



STATEMENT OF CONDITION JUNE 30, 1947

RESOURCES

Cash and Due from Banks	\$ 44,166,690.95
U. S. Government Bonds	85,524,041.00
Other Bonds and Securities	5,844,212.33
Loans and Discounts	88,853,055.40
Bank Buildings	588,891.12
Furniture and Fixtures	296,593.77
Other Real Estate Owned	14.00
Interest Earned, not Due	952,590.84
Customers' Liability L/C	172,584.28
Other Resources	809,471.10
Total Resources	\$227,208,144.79

LIABILITIES

Deposits	\$215,901,693.51
Interest Collected, not Earned	1,148,698.75
Letters of Credit	172,584.28
Preferred Stock	700,000.00
Common Stock	3,000,000.00
Surplus	3,500,000.00
Undivided Profits	1,021,142.67
Reserves	1,764,025.58
Total Liabilities	\$227,208,144.79

HOME OFFICE



PHOENIX, ARIZONA

Largest of Arizona's Many Excellent Financial Institutions
VALLEY NATIONAL BANK

SAFFORD HAYDEN WICKENBURG PHOENIX TUCSON CASAGRANDE TOLLESON KINGMAN
PRESCOTT LITCHFIELD PARK AJO MORENCI MESA CLIFTON DOUGLAS
MIAMI GLENDALE SUPERIOR COOLIDGE NOGALES WINSLOW WILLCOX GLOBE CHANDLER

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION



It's more than a matter of dollars and cents!

We, in General Foods, believe that we have 3 major responsibilities—and they're more than just a matter of dollars and cents:

- 1. To provide jobs for people . . .** for men and women who believe in work, and who want a chance to build for the future.

(More people worked at General Foods in 1946 at higher average wages and salaries than ever before.)

- 2. To provide profits for people . . .** as a just reward for the confidence and thrift of the men and women who invest their savings in our productiveness.

(General Foods has paid 103 consecutive quarterly dividends. Today there are 67,000 stockholder-owners of General

Foods, 78 per cent of whom own less than 50 shares of stock apiece.)

- 3. To serve the people.** To provide jobs and profits, General Foods must first of all provide good products at fair prices for *all the people*.

(In 1946, more American families used more General Foods products than in any year in our history.)

That's how we see our major responsibilities. And we will keep on doing our level best to meet these responsibilities well, and wisely.

GENERAL FOODS

250 PARK AVE., NEW YORK 17, N. Y.

(CONTINUED FROM PAGE 130)

devoted to price movements of various groups and classes of securities.

Mr. Effinger writes clearly and has a pleasant, easy style. This is a handy volume for the lay investor to have around.

Books in Brief

OPPORTUNITIES IN FINANCE. By *Sam Shulsky*. Vocational Guidance Manuals, Inc., New York. 68 pages. \$1. One of a series of books designed to help students and veterans in choosing and progressing through a profession. The author is assistant financial editor of the New

York *Journal American* and International News Service.

PROFESSIONAL ETHICS OF PUBLIC ACCOUNTING. By *John L. Carey*. American Institute of Accountants, New York. 124 pp. \$2. A guide for young accountants and students in understanding the rules of professional conduct applicable to accounting.

BASIC CRITERIA USED IN WAGE NEGOTIATIONS. By *Sumner H. Slichter*. Chicago Association of Commerce and Industry. 56 pages. 50 cents. A comprehensive discussion of seven standards commonly employed: minimum budgets, living cost changes, mainte-

nance of take-home pay, productivity changes, ability to pay, effect of wage changes on consumer buying power, comparison of wages in different localities, industries or plants.

INDUSTRIAL PEACE AND THE WAGNER ACT. By *Theodore R. Iserman*. McGraw-Hill, New York. 88 pages. \$1.50. How the act works, and what to do about it. The author is a lawyer.

MONEY AND BANKING. By *Raymond P. Kent*. Rinehart & Company, New York. 678 pages. \$5. A textbook by the associate professor of finance, University of Notre Dame.

AGENDA FOR PROGRESSIVE TAXATION. By *William Vickrey*. Ronald Press, New York. 466 pages. \$4.75. An analysis of tax problems, with suggestions for meeting them. The author is a lecturer in economics at Columbia University.

MANUAL OF EMPLOYMENT INTERVIEWING. American Management Association, New York. 73 pages. \$2.25. A booklet for personnel people, operating officials, supervisors and business executives.

KNUDSEN. By *Norman Beasley*. McGraw-Hill, New York. 397 pages. \$3.75. A biography of William S. Knudsen, covering particularly the 41 years he has spent in this country.

MEN AND VOLTS AT WAR. By *John A. Miller*. McGraw-Hill, New York. 255 pages. \$3.75. The story of General Electric in World War II.

CREDIT UNION DEVELOPMENT IN WISCONSIN. By *Eli Shapiro*. Columbia University Press, New York. 167 pages. A study by the assistant professor of business economics at the University of Chicago School of Business.

THE NATIONAL CITY BANK OF CLEVELAND

Statement of Condition

JUNE 30, 1947

ASSETS

Cash and Due from Banks	\$108,388,998.21
United States Government Obligations	204,164,300.66
Other Securities	13,039,769.91
Loans and Discounts	112,233,837.89
Investment in Banking Premises	2,213,499.70
Customers' Liability on Acceptances and Letters of Credit	548,940.66
Accrued Interest	1,030,465.34
Other Assets	270,119.00
	<u>\$441,889,931.37</u>

LIABILITIES

Capital Stock (625,000 shs.)	\$ 10,000,000.00
Surplus	10,000,000.00
Undivided Profits	3,534,564.21
Reserves	3,440,317.41
Acceptances and Letters of Credit	548,940.66
Accrued Interest and Expenses	1,027,489.89
Deferred Credits and Other Liabilities	955,873.50
Corporation, Individual and Bank Deposits	\$311,739,383.69
Savings Deposits	63,551,335.69
Trust and Public Deposits	33,618,291.40
U. S. Government War Loan Account	3,473,734.92
	<u>412,382,745.70</u>
	<u>\$441,889,931.37</u>
Contingent Liability on unused loan commitments	\$ 13,670,160.69

NOTE: United States Government obligations carried at \$38,863,941.18 are pledged to secure trust and public deposits, U. S. Government War Loan account and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

To Cash Leave Bonds

In legislation (still to pass the Senate at this writing) incorporated banks and trust companies will be invited by the Treasury Department to act as paying agents in cashing Armed Services Leave Bonds.

The A.B.A. Special Committee on Savings Bond Redemption has been in Washington, working with Treasury officials to help plan this program.

Banks will hear directly from the Treasury Department regarding procedure.

By the Way—

Scientists say the sun will last another 150 million years. With the kind of Spring much of the nation had this year it should last even longer.

Marriage is like a railroad sign. You see a lovely girl and stop; then you look; and after you are married, you listen.

A few parents have claimed the babies they were given at the hospital were not theirs. A great many more parents have come to the same conclusion 17 or 18 years later.

Truth in advertising—"The latest in antiques."

A radical is a person who thinks you are a reactionary if you don't get as excited as he does about everything.

We suggest that Einstein study the high cost of living. It seems to be the one thing able to resist the law of gravitation.

Scientists say mankind may have to make war against insects. Apparently appeasement through picnics hasn't worked.

Beauty experts say it is easy to lift a face. But it's difficult to keep it lifted after the bill comes in.

Nations do not beat their swords into plowshares if there are still oil-fields to which they can beat other nations.



-WARREN EVANS JR.-

To Trust Departments

who want more business

(read part of a letter from one
of our customers)



At the present time I have the names of at least 15 individuals on my "New Business" memo pad . . .



Who have stated that they read our letters and folders and...



definitely expressed a desire to have their attorneys draw their wills and name our bank.

• • •



This is one of a long line of satisfied users of Purse service who has found that properly planned advertising promotes new business for trust departments.

Write for information

THE PURSE COMPANY

• Headquarters
• for
• Trust
• Advertising

CHATTANOOGA, TENNESSEE

Statement of THE FOURTH NATIONAL BANK IN WICHITA

At the Close of Business • June 30, 1947



RESOURCES

Cash and Due from Banks	\$ 33,373,841.19
United States Government Securities	43,611,732.30
Municipal and Other Bonds	2,746,459.35
Stock in Federal Reserve Bank	105,000.00
Loans and Discounts	19,887,316.78
Overdrafts	713.37
Banking House	330,000.00
Customers Liability — Letters of Credit	215,282.00
Income Receivable — Accrued	127,072.99
TOTAL	\$100,397,417.98

LIABILITIES

Deposits — Firm, Individual, etc.	\$83,138,246.53
Banks	12,274,807.02
U. S. War Loan Account	234,621.55
	\$ 95,647,675.10
Capital Stock	\$ 1,500,000.00
Surplus	2,000,000.00
Undivided Profits	536,466.75
Reserve for Contingencies	287,861.39
	4,324,328.14
Letters of Credit Guaranteed	215,632.00
Reserves — Taxes, Interest, etc.	209,782.74
TOTAL	\$100,397,417.98

THE FOURTH NATIONAL BANK
IN WICHITA

Douglas at Market
MEMBER FEDERAL DEPOSIT



Wichita 2, Kansas
INSURANCE CORPORATION

BANKING'S Advertisers • August 1947

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EDITORIAL

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. Almost everything in the way of mathematical evidence seems to indicate active business for some months to come—everything, that is, except high prices at home and depression abroad, a sizable pair of exceptions.

To what extent these two things might take the steam out of the present high level of activity is a matter of considerable debate and difference of opinion.

Through the rose-colored glasses so popular this Summer all obstacles are trivial. Prices are high but will adjust themselves without pain. Tax reduction may be taken for granted. The Marshall Plan will succeed. Russia and her world are on the defensive. Radicalism here is getting a haircut and trying to look innocent. Common sense is again in the saddle. Practically all indexes show that business is good.

On the other hand, many see reasons to question whether this thing that looks like a boom is the real thing or something in disguise. They want to know how genuine prosperity can be built on foreign trade in which *we* buy from *us*; or on a price structure which is bound to reduce the living standard of a large segment of the population.

High prices on every hand and resulting pressure on the family budget make it necessary for people with fixed incomes and those generally spoken of as the white collar class to live in smaller, cheaper quarters and cut corners in a way that was not necessary before the war.

Familiar to travelers in any part of the country are the easily recognized postwar communities, also trailer camps, which, to some extent, are inflation's gift to the art of living. The same thing is evident in other ways, such as the rising ratio of instalment to cash purchases and the declining rate of savings.

This latter trend can best be shown in the table on this page, compiled from records of the Federal Reserve System, the Savings Banks Trust Company, the Home Loan Bank Review and the Treasury Department.

That Old Recession. We may miss having that recession just around the corner where it served a good purpose in keeping business from taking off into the blue yonder.

Foreign Prospect. The spectre of high prices might not be so bad if this boom had more company. Looking at it from a world standpoint, it is one of the loneliest booms in history. There are certain areas abroad which have caught

a little of our prosperity, but there is nothing anywhere comparable to our own business activity.

Much of this has resulted from exports on the cuff to areas where depression and discouragement are chronic. This outpouring of our production goes right along like something done with mirrors and the multi-billion dollar question is how long can the act stay on without restricting foreign loans severely to productive purposes.

Whether we call it trade or aid, the process is made vastly more difficult by our domestic price level.

So, all in all, with 60 million persons on the payroll and production holding at the highest levels in history, a boom is not on the way. It is already here with inflationary trimmings which should not be ignored.

Fair Enough. Sir John Magowan, Minister at the British Embassy, on being shown the proposal for a World's Fair as outlined in the magazine *BANKING*, said:

"The development of new agricultural and industrial techniques in recent years certainly makes the proposal for a World's Fair opportune at the present time, and the British Government had proposed to hold an international exhibition in London in 1951. After careful inquiry, however, it was found that the preparations for the exhibition would involve such large scale demands on labor and materials as to impede the progress of urgent tasks of reconstruction, and the project has reluctantly been abandoned."

Recent Savings Trends

(In millions of dollars)

Period	Com'l bank time deposits	New York mutual savings bank deposits	Savings and loan shares	Postal savings	Demand deposits	E bonds (cash)	36 life insurance co. assets
1947: January.	+35	+73	+140	+47	-800	+193	+219
February	+121	+46	+84	+24	-1,900	+104	+174
March...	+86	+62	+86	+24	-200	+30	+244
April...	+47	+37	+81	+11	+900	-16	+156
May....	+29	+50	+89	+3	+200	-24	+170
5 month total.	+318	+268	+480	+109.	-1,800	+286	+963
Jan.-May 1946	+597	+351	+436	+158	+2,700	-487	+1,017
% change	-48%	-24%	+10%	-31%	-3%

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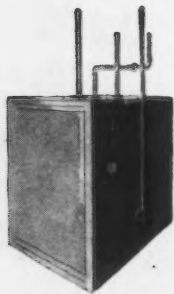
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